

March 1958



## SALT LAKE CITY, UTAH

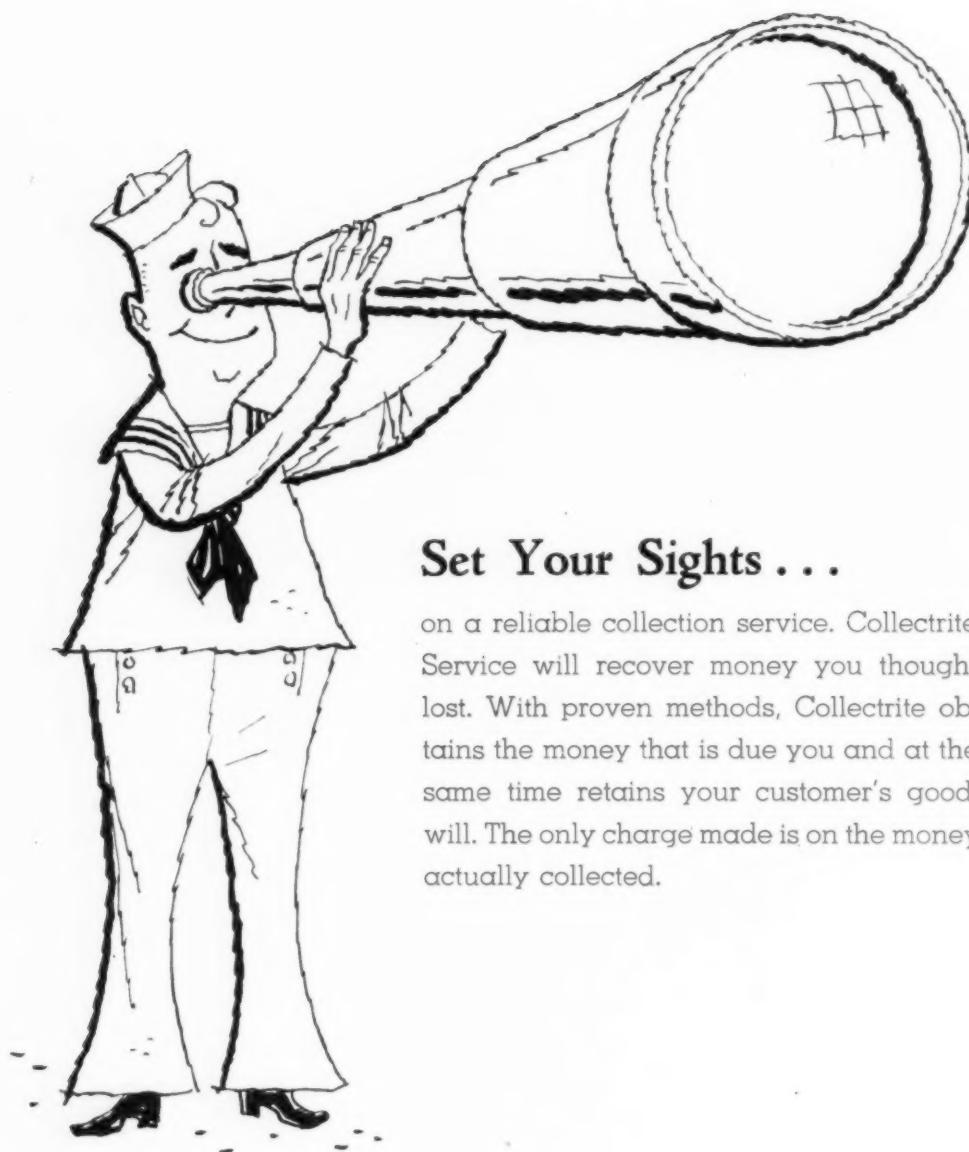
THE WORLD knows Salt Lake City best as the headquarters of the Church of Jesus Christ of Latter-day Saints, commonly referred to as the Mormon Church. The picture above shows the Temple grounds with the Temple on the right and the Tabernacle on the left.

SALT LAKE CITY is the largest city between Denver and the Pacific Coast. Noted for its wide streets, its historic shrines, its metropolitan character, it is one of the most popular tourist centers in America.

WILLIAM S. ASPER is the secretary-manager of the local unit at Salt Lake City with a membership of 406 in the National Retail Credit Association.

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AT THE request of several associations, four additional consumer ads were designed to supplement our 1956 series. They are different and are for publication prior to, during and following National Retail Credit Week, April 20-26, 1958.

Size, 5 3/4" x 8 7/8". Price is \$3.00 per mat.

**NATIONAL RETAIL CREDIT ASSOCIATION**  
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# The CREDIT WORLD

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EDITOR Arthur H. Hert

ASSOCIATE EDITOR Leonard Berry

Editorial and Executive Offices: 375 Jackson Ave., St. Louis 5, Missouri.  
Advertising Representative: Ralph Duysters, 70 E. 45th St., New York 17.  
Washington Counsel: John F. Clagett, 301 East Capitol St., Washington 3, D. C.

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# The Land of the Mormons

THEODORE L. CANNON

News Director, The Church of Jesus Christ of Latter Day Saints  
Salt Lake City, Utah

**S**ALT LAKE CITY, "The Crossroads of the West," has many distinguishing features; its broad, clean streets, its beautiful homes; its scenic grandeur—the lofty peaks of the Rockies on the one hand, the desert sands and deep blue of America's inland sea on the other.

But the world knows it best, perhaps, as the headquarters of the Church of Jesus Christ of Latter-day Saints, commonly referred to as the Mormon Church. Since its beginnings over a century ago, every phase of the community's dramatic history and development has been strongly influenced by the spirit and tradition of its founders, the Mormon Pioneers.

The first of these arrived in the Valley of the Great Salt Lake by wagon train in July of 1847. There were 143 men, three women, and two children in the group, led by Brigham Young. Plowing began two hours after arrival.

A thousand miles from the nearest settlement in the east, and 700 miles from the closest Pacific Coast town, the near-destitute group faced the threat of starvation the first year. During the long, bleak winter, hunger was appeased and nourishment obtained from sego roots and thistle tops. In the spring of 1848, when the first grain fields appeared, a horde of crickets swarmed into the valley and further threatened the settlers' survival. Even as the desperate people prayed for divine assistance, a flock of seagulls from the nearby lake appeared and devoured the crickets, and the precious crop was saved.

The immediate years that followed were difficult ones. Thousands of immigrants flowed into the Valley, from all parts of the United States as well as from abroad, many of them afoot and pushing handcars, and nearly all in dire circumstances. This rapid increase of population greatly taxed the resources of the community. Then, too, there was an unending struggle against drought, Indians, insects, and crop failures. Nevertheless, through remarkable fortitude and constant labor, the people were able to gain a livelihood. Gradually the desert waste became a productive and fertile coun-

try as mountain streams were conducted across the valleys and lowlands to irrigate the soil.

In 1849, during the early days of the Gold Rush, Salt Lake City became an outfitting point on the overland route to California. The Mormon settlers traded food supplies, light vehicles, and fresh livestock for badly-needed tools, heavy wagons, and fine but weary teams.

Through constant discipline, tightly-knit organization and cooperation, Mormon economy grew and expanded. An intensive missionary program that extended to all parts of the world brought thousands of converts to Utah, and with the constant encouragement of agriculture and manufacturers, the community flourished. Soon the Mormon people were founding other communities within a 300 mile radius.

In 1853 construction began on the enormous Mormon Temple in Salt Lake City. Similar temple structures were also undertaken in other Utah areas. Today, there are four Mormon temples in Utah, and a total of twelve throughout the world.

In 1869, with the completion of the first transcontinental railroad, Salt Lake City was no longer isolated from the world. This ended the ox-team journeys across the plains and brought within a short time thousands of visitors and non-Mormon settlers into the area.

Today, Salt Lake City has become a cosmopolitan city where people of various faiths reside. Although it is the world capital of Mormonism, only about half of the city's population belongs to the church. Many of the businesses and industries in Salt Lake City, however, were begun and continued to develop through the active leadership of the Mormon pioneers and their descendants.

The Church of Jesus Christ of Latter-day Saints is a world-wide organization of one and a half million members. It was established in 1830 by its prophet, Joseph Smith, in New York. Following the murder of Joseph Smith by a mob in Carthage, Illinois, the organization made the historic trek, under the leadership of Brigham Young, second president of the Church, to the Rocky Mountain wilderness.

Generally classified as "Protestant," the Mormons claim no association with either Protestantism or Catholicism. They believe rather that theirs is actually the original Christian church, restored to the earth in modern times through revelation. Mormon scriptures include the Holy Bible, the Book of Mormon (a record of ancient civilizations that inhabited the Western Hemisphere from about 600 B.C. through the first few centuries of the Christian era), and the Doctrine and Covenants (a compilation of latter-day revelations).

With the exception of a small number of general officers and executives who are provided living expenses, the Mormon Church has no paid clergy. The leaders (General Authorities) come from all walks of life. Among them are educators, lawyers, scientists, and professional and business people. Their non-secular activities touch nearly every field of human endeavor.

The Church teaches thrift, economy, modesty and temperance in all things. Orthodox members pay a full tenth of their income as tithing and observe such other commandments and tenets of the faith as the "Word of Wisdom," a set of rules for health which prohibits the use of alcohol, tea, coffee, and tobacco.

An extensive educational system is operated by the Church, including the famous Brigham Young University located at Provo, Utah; several junior colleges, seminaries and institutes, and a church-wide program of youth activities of a cultural and recreational nature.

Currently, the Church has nearly 12,000 members, mostly young men and women of college age, engaged in full or part-time missionary work, all at their own expense.

A widely known institution of the Church today is the Mormon Tabernacle Choir. This unique organization of over 375 voices, founded over a century ago and accompanied by one of the world's finest organs, has been heard each Sunday morning for the past 29 years over a national radio broadcast. Two years ago it attracted high critical acclaim in its concert tour of the principal cities of Great Britain and Europe. ★★★



# Salt Lake City An Industrial Center

ELROY NELSON, PH.D.

Vice President and Economist, First Security Corporation  
Salt Lake City, Utah

**"THIS IS THE PLACE"** were the prophetic words uttered by Brigham Young to his weary band of pioneers when they first sighted Salt Lake Valley on July 25, 1847. This was a desert area; it was a foreign country—Mexico—until one year later. The time, 1847, antedated by two years the discovery of gold in California. In Utah this preceded by five years discovery of iron ore, by sixteen years discovery of gold, silver and copper, by 101 years discovery of oil in commercial quantities.

By 1958 "This is the Place" has become, in large measure, a fact accomplished, and a significant slogan by many industries in Salt Lake City and the Intermountain Region for which the largest city is the major focal point for industry. Included as foundational for industry are the metals and their processing, coal and oil, their chemical derivatives, other non-metallic minerals as well as food products.

Despite the significant mineral discoveries in earlier years and the irrigation of the desert, the economic patterns of the Intermountain Region have changed more dramatically since the beginning of World War II than in the previous century, and Salt Lake City has become even more a center for most of the new development.

The increases in Salt Lake's population, in industrial employment, in new capital for industries have, since 1940, been exceeded in relative terms in only a few major cities. Most of this development is based on demand for raw material from the earth to satisfy national and regional demands, but also food products for regional market. Significant is proximity to other major consuming areas, especially to the Pacific Coast. To the major industries of copper and other metals—steel and related products—have recently been added industries associated with electronics, guided missiles, solid and liquid jet propellants and electronics. Only part of these are located in Salt Lake City itself, but are adjacent to the central city.

Utah is often described as the

"Treasure House of the Nation" with a greater variety of minerals produced than is true in any other state. Salt Lake is the center or headquarters for most of this production.

Salt Lake County and adjacent areas have the greatest concentration of nonferrous milling and smelting in the nation. Kennecott's world famous copper mine at Bingham Canyon is across the valley and within 25 miles of Salt Lake City. The valley also has the nation's largest producing lead-zinc mine and mills and smelters to process these metals, and a new electrolytic refinery to produce a refined copper product. These provide the most important industrial payrolls for the area. At these mills and smelters are processed not only the nonferrous metals from Utah, but those from surrounding states, a region slightly larger than the Intermountain trade territory.

Thirty miles to the south in neighboring Utah County is the United States Steel Corporation's Geneva steel mills with ingot capacity in excess of 2.2 million tons per year. This is the largest steel plant west of Chicago with its industrial payroll for steel and related items—iron ore from Utah, and coal, mostly from Utah—approximately the same as that for copper.

## New Steel Pipe Company

Recently there has been added at the steel mills the New Consolidated Western Steel Pipe plant to supply a major portion of the needs in the West for steel pipe, especially for petroleum, petroleum products and natural gas. The most recent addition, in 1957, is in coal chemicals with a new \$20 million anhydrous ammonia plant and additional production facilities for ammonium nitrate and expanded ammonium sulphate. This is a "first" for any steel plant in the United States to move into the production of anhydrous ammonia and supplementary ammonium nitrates for fertilizer and explosives.

Adjacent to the mills are the Pacific States Cast Iron Pipe operations which are ten times as large as in

1940 and supply the western state's industrial and municipal demand for high pressure cast iron pipe. This is the largest pressure pipe plant west of Chicago.

Of equal importance is the rapid growth of steel fabrication and machinery manufacturing. These have increased tenfold since 1940 since locally-produced steel as a raw material has been added to the economic matrix. Included as major products are: storage and pressure tanks, containers, filters and other such equipment. Among the new products are tractors which add to the rather imposing line of mining and earth moving equipment for underground, as well as surface mining.

Additional steel using industries include those associated with worldwide mining operations. Included are diamond drill bits representing the most expensive and durable types of bits alongside other manufacturing firms producing the least expensive, or throw away types of bits.

Expansion in steel using industries is, in part, due to Salt Lake's location as equidistant from markets of southern California, northern California, and the Pacific Northwest. Denver and eastern Colorado and their marketing territories are somewhat closer.

Salt Lake is a major uranium center. One of the West's uranium mills is located on the outskirts of the city. But Salt Lake is of equal importance as the headquarters for a number of other companies operating or constructing uranium mills in southeastern Utah and southwestern Wyoming. The city, the state and the nation experienced the orgy of speculation in 1954 in the search for the metal. Production, mining and milling are now of major significance. Recently completed is a new cobalt refinery operating on uranium concentrates produced in Idaho, and processed into the metal at a plant adjacent to a source of supply of sulphuric acid.

The industrial development of the area is possibly best illustrated by the increased demand for sulphuric acid. Production of this chemical as



a by-product of copper smelting has increased fourfold since 1940 to a total of 1,000 tons per day. Of perhaps more importance is the fact that in 1940 a major portion of the market was on the West Coast, while in 1958 the markets for this plan's expanded output is confined to the Intermountain Region for steel, oil refining, fertilizer manufacturing, uranium milling, production of catalytic agents, explosives and other such industries.

Salt Lake is the headquarters for many companies searching for and developing oil and gas fields to eastern Utah and adjacent areas in neighboring states. It is the headquarters for Pacific Northwest Pipeline Company producing, buying and transporting natural gas from southeastern Utah and neighboring states to Utah and Idaho and to the Pacific Northwest. It is also the headquarters of Mountain Fuel Supply Company producing in Colorado, Wyoming and Utah and distributing natural gas to major areas in Utah and neighboring southwest Wyoming.

Salt Lake is the location of four major refineries producing petroleum products in quantities approximately double Utah's needs. Major development has occurred since World War II. Oil is transported by pipelines from Colorado, Wyoming and Utah. From these refineries, products are distributed to Utah, neighboring states, and through pipelines to the Northwest. Also, the Pioneer Pipeline brings refined products to Salt Lake from Sinclair, Wyoming, for distribution along with Utah's products to the Intermountain and Pacific Northwest regions.

Salt Lake City is also headquarters for American Gilsonite. This company produces Gilsonite ore in eastern Utah, and beginning in 1957, transports by pipeline part of its output of crushed Gilsonite from east-

ern Utah to the Grand Junction area of Colorado where the ore is refined into two major types of products: coke for nation-wide uses by the aluminum and other industries, and gasoline for western Colorado. This is the "first" in utilization of the solid bituminous product for liquid fuels.

Salt Lake City is the headquarters also for most of the coal production from eastern Utah. This includes the coking coal for Utah and California and other coal for utilities and industries of the region and West Coast.

Salt Lake City is the operating and financial headquarters for the production of cement, brick, gypsum and other building materials for the regional market; for pre-stressed concrete products, caststone and mosaic for the buildings in California, the Northwest, Colorado and the Intermountain Region.

#### Three Major Plant Foods

Salt Lake City is a center for production of all three major plant foods—commercial fertilizers: nitrogen materials, phosphates and potash. The nitrogen materials are produced as a by-product of coal chemicals division of steel. Phosphates originate from the mining in Utah and adjacent Idaho and processed along with mixed fertilizer in the Salt Lake area. Potash is produced in a plant in western Utah close to the Nevada border.

Salt production, Utah's earliest industry beginning the week after the settlers arrived in 1847, has long since developed into a major industry serving a territory somewhat larger than the general marketing areas of Salt Lake. Recent expansion of production facilities is to satisfy part of the chemical industries of the Pacific Northwest.

Primary metals dominate the industrial pattern of the Salt Lake

area. But hydrocarbons, various chemical industries, and other non-metallic minerals are increasing in importance. Included are the many industries associated with construction and building materials. But, also as a part of the industrial pattern are apparel making by some 36 plants centered in Salt Lake, but also located in smaller cities in the state. To these are added various types of lumber and wood products. Most of these are located some distance from the center of the city. Other new items are transportation equipment, professional and scientific instruments and miscellaneous manufactured products.

While the minerals and their processing tend to dominate the manufacturing field, food processing—centered largely in Ogden, 30 miles to the north, for national and West Coast markets—are of growing importance. Included are meat packing, poultry processing, flour milling, and vegetable and fruit processing.

Recently added to Utah are additional electronics firms in Salt Lake as branches from New York and California, jet engines and jet propellants manufactured in Ogden and Corrine to the north. These are expansion of firms headquartered in California and New Jersey. Four new installations represent four of the major companies closely associated with "missiles." These have added materially to the industrial development of the city and the state, capitalizing on the labor market and excellent transportation facilities. They are related both to proximity (transportation availability) and remoteness (mileage distance).

During the past three years, new capital added by manufacturers in Utah has totaled over \$100 million. Most of this is in Salt Lake or immediately adjacent areas. A rather large portion is associated with minerals processing and fabricating industries. If to these are added the capital expenditures by the mining companies, the oil companies, the utilities and new commercial buildings, the total is in excess of \$500 million.

Utah's population has been increasing at a rate of 2.5 per cent per year since the end of World War II; that of the Salt Lake metropolitan area by 3 per cent compared with the national increase of 1.7 per cent. Similar increases have developed in employment and payrolls, in marketing and finance. Salt Lake is the center for these growing activities. ★★★

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#### Department Store Credit for December

INSTALMENT ACCOUNTS outstanding at department stores increased 15 per cent in December, and at the month-end were 9 per cent above the year-ago level. The ratio of collections to accounts receivable at the beginning of the month remained at 15 per cent, one point above a year earlier. Charge accounts receivable increased about a third in December, reflecting a seasonal expansion, but continued below a year ago. The charge-account collection ratio declined one point to 47 per cent, as compared with 45 per cent in December 1956. Sales of all types at reporting department stores increased sharply from November to December. Cash sales were slightly less than a year ago while credit sales were above the December 1956 volume.—Federal Reserve Board.

# Salt Lake City Intermountain Financial Center

## HAROLD J. STEELE

Senior Vice President, First Security Bank of Utah, N.A.  
Salt Lake City, Utah



**D**RAMATIC economic growth in Salt Lake and the Intermountain Region since World War II has required corresponding increases in financial resources to meet demands of production and trade. To the basic economic matrix of agriculture and livestock and their products, copper, other nonferrous metals and coal have been added many new items including steel, steel fabrication, machinery and electronics products. In addition, there are a number of minerals with new or expanded economic uses including building products, fertilizer materials, oil refining, and coal chemicals. Although many of these products are produced some distance from the central city, Salt Lake is a focal point for production, marketing and financing of these products in Utah and in neighboring states of the Intermountain Region.

### Increase in Population

While the nation's population has been increasing since World War II at a rate of some 1.7 per cent per year (compounded), that of the Salt Lake trade and financial territory has been increasing by some 2 per cent; Utah by 2.5 per cent; and the Salt Lake metropolitan area by 3 per cent—almost double the national growth. In this respect, the Salt Lake area has many characteristics in common with other fast-growing Pacific Coast and Southwest metropolitan areas.

Included in the growth patterns are increased demands for commercial, real estate and instalment credit. Also included are financial demands for capital for industries and commercial enterprises and for municipal needs.

Salt Lake City's population of some 426,000 is just over one-half of Utah's 850,000 and approximately one-fourth of the trade territory's. The trade territory, itself, has a population of approximately 1.7 million, just about one per cent of the nation's total. Salt Lake bank resources are approximately two-thirds of Utah's totals and about one-third of the total in the Intermountain trade territory.

Despite tight money for the past

two years, loans have continued upward in Salt Lake and its production-trade territory. Most of the increase has been in commercial and industrial loans, while real estate, agricultural and consumer credit loans have continued almost at their peak of 1956.

Growth in banking resources to correspond to economic development is illustrated by comparisons with prewar periods. Some 17 years ago, at the end of 1940, there were 60 commercial banks in Utah plus 11 branches of four of these banks. This was a total of 71 banking facilities. At the end of 1957 there were 50 banks with a total of 111 banking offices. This included 56 branches and five facilities at military installations. Total resources of Utah banks in 1940 were \$199 million and total deposits \$178 million.

By the end of 1957 banking resources totaled approximately \$900 million and deposits approximately \$850 million. Resources had increased by 350 per cent, deposits by 370 per cent in the 17-year period. At the end of 1957 total bank resources in the Intermountain trade territory, centered in Salt Lake, were approximately \$1.5 billion. Likewise, at the end of 1957, a total of 64 per cent of bank resources in Utah were in Salt Lake, 75 per cent in the Salt Lake metropolitan area.

As of December 31, 1957, all banks in Salt Lake had branches. Four of these institutions have branches only in Salt Lake or immediately adjacent areas, one has branches in other major cities of the state, one institution has state-wide branch banking. Banks with headquarters in Salt Lake totaled some 82 per cent of all bank resources in Utah in 1957.

### Banks in Salt Lake City

Salt Lake banks are also significant in handling deposits of other banks and usually carry about \$44 million in correspondent banks from the trade territory. Salt Lake is the only Reserve City Bank in the trade territory.

Growth in the size of Salt Lake banks has been necessary to meet the needs of the trade area. Growth

in size of industrial and commercial firms and, likewise, their demand for funds for production, for construction or trade, are significant factors requiring increased capital of commercial banking institutions.

From 1940 to 1957 personal income in Utah had increased from \$266 million to more than \$1.4 billion, or some 420 per cent. Increase in the trade territory was at a slightly lower rate. Total bank resources, and certainly bank deposits, had increased in this period by a smaller percentage than had total personal income. However, the use of bank funds, primarily demand deposits, had increased to such an extent that total money in use corresponded at least to the increase in total personal income or expenditures and savings. Total bank debits in Salt Lake in 1940 were \$871 million. For 1957 the total was \$5.7 billion. This was an increase of 554 per cent in the total checking funds used and considerably greater than the increase in personal income.

### Employees in Financial Institutions

At the beginning of 1958, banks in Utah employed some 2,500 people; 62 per cent of these were in Salt Lake. Employees in all financial institutions in the state, at the beginning of 1958, totaled 9,300. Of this number, some 75 per cent were in Salt Lake. This is illustrated by the following tabulation showing the per cent of employees in financial institutions in the state working in the Salt Lake metropolitan area.

#### Percentage of Employees In Financial Institutions in Utah Employed in Salt Lake

Type of Institution	Per Cent
Banks .....	62.0
Security Dealers .....	99.4
Finance Agencies (including Savings and Loan, industrial banks, small loan companies) .....	93.0
Insurance Companies .....	83.0
Real Estate .....	73.0

Although a number of other financial institutions in Salt Lake and elsewhere supply specific types of credit—mortgage, instalment, etc.—banks are the most important sources of these funds. Salt Lake banks provide approximately two-thirds of



# Credit Women's Breakfast Club of Salt Lake City

MELBA MCKENZIE, President



**T**HE CREDIT Women's Breakfast Club of Salt Lake City, Utah, was formed in April 1937 with Ruth Standing, President. Since its organization this Club has consistently grown until it is today one of the largest clubs in the entire International organization, boasting a membership of over 100.

Meetings are held on the first Wednesday of every month at 7:30 a.m. The highlight of these meetings is the guest speaker. We are indeed fortunate to have in our city men and women experienced in the field of credit and its related fields who graciously give of their time and knowledge to our education program.

Interest and club member participation are extremely high. As evidence of this, at last year's District Nine Convention, out of a possible six, the Salt Lake City Club won

four coveted awards and tied for first place for the fifth award. These were for perfect attendance, membership increase, mileage, the history book, and tied for the achievement award. For each award a trophy is given and for a club to have permanent possession of a trophy it must be won for three consecutive years. Needless to say, an effort is being made by the Salt Lake City Club to accomplish this.

Annually we have a Bosses Breakfast at which time we endeavor to say "thank you" to our bosses for their splendid cooperation.

We feel to have a well rounded program we should have some philanthropic project. In 1951 the Salt Lake City Club furnished a playroom with furniture and toys at the new Latter-day Saints Primary Children's Hospital in Salt Lake City. Every year since at Christmas time

we have furnished additional toys, furniture, or equipment for this playroom and have furnished and decorated a Christmas tree. Funds for this are entirely from voluntary contributions and nothing is taken from the club's treasury.

As our club has grown and progressed our members, too, have advanced. Many District officers, including District presidents, have come from the Salt Lake City Club and at the present time we are very proud to have one of our members hold an International office—Helen Spendlove is now serving as Second Vice President of the Credit Women's Breakfast Clubs of N. A.

It is the aim of the Credit Women's Breakfast Club of Salt Lake City to continue to grow, to add to their educational program, to better serve in their chosen field of work, and to become leaders in the credit world.

commercial bank loans in Utah and a major portion of urban mortgage and instalment credit. If loans of branches of Salt Lake banks were included in their totals, this would represent some 85 per cent of all bank loans in Utah.

Despite the importance of real estate and consumer credit, commercial and industrial loans are the major type of credit extended by the commercial banks in the Salt Lake area. This is the source of funds for most wholesale and retail establishments, as well as for a major portion of short-term credit for the industrial firms of the region.

Real estate loans constitute almost one-third of the loans by Salt Lake City banks, but as is common with other fast-growing centers, commercial bank credit by way of real estate loans is inadequate to supply the demand for mortgage credit in the fast-growing areas. Residential construction in Utah, from 1950 to 1957, has ranged from 0.6 to 0.7 per cent of the national total. This is somewhat above Utah's per cent of total population. It also means that mortgage funds by way of savings at commercial banks, and the accumulations of funds at savings and loan institutions have been far from adequate to meet mortgage demands.

So nearly as can be determined, major life insurance companies have extended a considerably greater amount of mortgage credit in the Salt Lake metropolitan area than was accumulated locally by those same companies in this period. As a result, the Salt Lake metropolitan area, in common with other fast-growing areas on the Pacific Coast, Arizona, Colorado, and New Mexico, has been increasingly dependent for mortgage funds from the secondary mortgage markets in leading financial centers.

## Instalment Credit

Approximately one-fourth of all bank loans in Salt Lake banks are reported as "other loans." This is primarily instalment credit. It is also an understatement of total instalment credit loans because a number of the major lines are actually classified as commercial credit. Although a number of instalment credit firms are significant in this type of finance, their source of credit, to a considerable extent, is through their borrowing at commercial banks.

During the past few years, capital expenditures in Utah by business have been considerably above the percentage of the nation that would be expected based on population dis-

tribution only. In Utah such expenditures in 1957 totaled \$233.7 million or approximately .7 per cent of the national total. Within the Intermountain Region, such capital expenditures totaled \$381 million. This was slightly more than one per cent of the national total in a region with approximately one per cent of the nation's population. The 1957 construction was for new or expanded production of steel, oil refining, steel fabrication, coal chemicals, fertilizer materials, gilsonite, food products, and others. Sources of capital funds in large measure were accumulated from other sections of the country. Additional capital funds were expended for natural gas pipelines, for the utilities, and for mining. To a large extent, investment departments of Salt Lake commercial banks supply the funds for most local government construction needs. However, considerable funds from sources beyond the regional boundary, primarily from the financial centers of the nation, are also necessary.

Development of trade and production in the Salt Lake trade are closely related to commercial bank credit. In a rapidly developing economy, this offers many challenges to various departments of the Salt Lake banks. ★★★



# Salt Lake City An Inland Port of Distribution

**OSMOND L. HARLINE**

*Director, Bureau of Economic and Business Research  
University of Utah, Salt Lake City, Utah*

**P**ICK UP any population map of the United States and look at the vast region between the Rockies and the Sierra Nevada mountains. One remarkable fact stands out. At about 41 degrees north latitude and 112 degrees west longitude there exists a concentration of population exceeded by no other spot in this vast inland empire. The hub of this population mass and in the approximate geographic center of the region is Salt Lake City. Salt Lake has been variously described as a regional capital, the center of an intermountain empire, and an inland port of entry. All of these descriptions apply.

The point which each of the terms attempts to make is nowhere better illustrated than in the field of wholesaling. Of Utah's approximate 1,700 full service, limited function, and "other" wholesale distributors, almost three-fourths of them are located in the Salt Lake metropolitan area. Most of the balance are in Ogden and Provo, the two major cities immediately to the north and south.

The trade area served by these merchants varies with the type of commodity handled. For some of the goods the distance is only a relatively few miles; for some items the entire far western half of the United States is the distribution territory; for a few industrial products, manufactured and distributed from Salt Lake (such as industrial filters, mining equipment, and diamond drills), the entire world is the trade area. By and large, however, the region served by the wholesalers is within a three to four hundred mile radius of Salt Lake. This trade area comprises a territory 185,000 square miles in size and contains close to two million people. Salt Lake is the dominate wholesale trade center of this vast region.

Almost the entire gamut of wholesalers are represented in the regional capital. As elsewhere in the United States Merchant Wholesalers are the most important. And of this type of wholesaler the big four are (1) wholesalers of machinery, equipment and supplies, (2) distributors of hardware, plumbing and heating goods, (3) wholesalers of groceries,

confectionaries and meats, and (4) distributors of electrical, electronic and appliance goods.

The next three groups with sales each of about half the size of any of the big four are (1) distributors of lumber and construction materials, (2) distributors of edible farm products and (3) automotive wholesalers. This second echelon (in terms of sales volume) is followed by a third group with four types of member businesses. Again each member of this group has sales about half the magnitude of the foregoing. They consist of (1) wholesalers of furniture and home furnishing, (2) wholesale distributors of drugs, chemicals and allied products, (3) distributors of beer, wine, distilled spirits and tobacco and (4) merchants of farm products (raw material).

Manufacturers' sales branches (with stocks) and sales offices (without stocks) do a sizeable business as do merchandise agents and brokers. The total sales of these latter types of wholesalers is about a third the size of the total merchant wholesaler group.

As has occurred elsewhere in the nation, the postwar period has brought a slight tendency to circumvent conventional wholesalers. Even though this has been done, manufacturers' agents and sales branches have apparently found it more important to locate in the Salt Lake metropolis than have wholesalers. Whereas 80 per cent of the business performed by the state's merchant wholesalers is done from Salt Lake, 90 per cent of the business done by manufacturers' sales branches and sales offices is performed from Salt Lake.

The reason Salt Lake and the

neighboring metropolitan area has developed as the hub of economic activity of the intermountain region is apparent to those acquainted with the region's economy. As has already been stated, it is the heart of the population concentration. But even more important, this city at "the crossroads of the West" is a converging point of rail, air, and motor transportation. An excellent network of transportation lines radiates from this center to each of the major market areas of the west. The Union Pacific, Denver and Rio Grande Western, Southern Pacific, and Western Pacific railroads provide direct rail connections to major cities. United, Western, Frontier, and Bonanza airlines radiate in seven different directions from Salt Lake City. Highways follow the same pattern as air and rail so that dozens of regional and national motor carriers make this city a hub of their operations.

It is here also that all of the needed auxiliary activities are located to furnish wholesalers with the services they desire. Financial institutions, printers, advertisers, radio and television stations, newspapers and magazine publishers, warehouses, headquarters for trade associations, professional services, etc., all are located here in abundance.

The sum total of this (1) central geographic position, (2) location at the hub of western transportation, and (3) the existence of supporting businesses, provide an advantage to the area in assembling raw materials and distributing finished products which cannot be duplicated by another city in the region.

Not only is the Salt Lake area the trade center of the intermountain empire, but it gives promise of becoming an important distribution point for the entire Pacific Coast. This is ably illustrated when one looks at a transportation map of Western United States. Utah is at the hub of a great wheel, the Pacific Ocean being one section of the rim, with the transportation lines between the three huge Pacific Coast markets—Los Angeles, San Francisco—Oakland and Portland-Seattle—the spokes. The Army, Navy, and

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Air Force recognized the strategic distribution value of this location over a decade ago when each branch of the armed forces established large supply depots in the Salt Lake—Ogden area.

A number of industries have since located here for the same reason. The year 1957 was important in this regard because a large national appliance and electrical goods manufacture, in an effort to decrease its distribution costs and after two years of intensive study, located its large regional warehouses at Clearfield, twenty-five miles north of Salt Lake.

The plan followed is simple. As a given style of product rolls off the eastern factory's end-production line, it is loaded directly into railroad cars instead of going to a factory warehouse. These solid cars of a given product are then shipped to Clearfield where they are unloaded and stored, later to be shipped as needed to the entire Pacific Coast.

"In seeking the logical portal for the Pacific Coast as a whole, we came to the inevitable conclusion that it was Utah," said D. C. Hooper, Assistant to the Vice President of Marketing, Westinghouse Electric Corporation, in explanation of the Utah location.

This process brings closer to the

manufacturer's markets a pool of inventory of the products of many separate plants. Delivery time to customers with this distribution plan is measured in days instead of weeks. It can readily be appreciated what this means to Pacific Coast distributors and dealers in enabling them to reduce their inventory and at the same time improve service.

"On a dry run of this plan, over a 29 week period," Mr. Hooper reports, "we proved that it was theoretically possible to realize a reduction of 80 per cent in the customer's inventory and at the same time, provide a higher degree of service."

This plan is made feasible through the cooperation of the Western railroads who have published special tariffs providing for stoppage and storage in transit privileges. Under the procedure the manufacturer pays only the through rate from the eastern origin point to the Pacific destination but is allowed stop-over and storage privileges up to a year for the commodities concerned. Equally important, mixed carloads can be moved out of the Utah regional supply depot as well as mixed quarter-carloads to several destinations on a single bill of lading.

It is because of the proven value of this area as a wholesaling and distribution center that Utah distrib-

utors are enthusiastically optimistic about the long-term growth prospects of the area. Pre-World War II sales of Utah wholesalers were less than \$200 million. By 1947 they had grown to \$697 million, and by 1954 to \$871 million. In 1957 sales of the area's wholesalers will exceed the billion dollar mark. This rate of growth exceeds that of the nation.

But the rate of climb is only in keeping with the overall development of the region. December 1957 brought the announcement from the U. S. Census Bureau that Utah's population had increased over 23 per cent since 1950. This was a rise exceeded by only six other states in the nation. Significantly most of these six are in the West—Salt Lake City's distribution trade area.

It is no wonder that Salt Lake's oldest wholesaler (and one of the area's largest) founded over 100 years ago in 1850 has moved forward by establishing one of the most completely mechanized and efficient wholesale distribution centers in the nation. It, however, is not alone. Many others have followed suit, confident that the future will see more and more goods funneled through this inland port to be stamped with the label "distributed from Salt Lake, the center of the far west's inland empire." ★★★

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# The Credit Bureau of Salt Lake City

**WILLIAM S. ASPER, Secretary-Manager**

**F**OR MANY YEARS the merchants of Salt Lake City have realized the wisdom of knowing something about the customers who were served on a credit basis. As far back as 1901 the city directories listed a Merchants Protective Agency which primarily was a collection agency, but also was able to furnish a limited amount of information to help the merchant evaluate the credit worthiness of a customer in opening an account. Subsequent directories also listed the American Mercantile Reporting Agency, later known as the Giles American Reporting Agency, which provided more complete credit information.

In 1908 John M. Pike, his son Edward E. Pike, and C. R. Robbins formed a partnership named the Utah Mercantile Agency, which started out with two small rooms, two telephones and a small file of credit information. In 1909 a W. A. Curl was taken into this partnership and a year later purchased the interests of his partners and renamed it the Curl Clearing House. Mr. Curl copyrighted and published a "Rating Guide" for Salt Lake City and the surrounding territory, which was a convenience to merchants in credit transactions. A copy of this "Rating Guide," dated 1915, which contains approximately 5,000 names, is on file at our office.

On March 16, 1915, a number of local businessmen purchased the Curl Clearing House for \$1,000 and formed a corporation called the Credit Rating Bureau of Utah, and contracted to hire Mr. Curl as Manager for a period of two years.

In 1917 William A. Perkes, a man of considerable experience acquired through his employment with the R. G. Dun & Company, was employed by the merchants to manage this new enterprise. This office now consisted of five employees, four telephones, a few four-drawer filing cases and some shoe boxes filled with master cards.

The popular use of consumer credit at this time stimulated a rapid growth in the reporting business. Many obstacles and problems were encountered but Bill Perkes did a

masterful job in his chosen profession and performed an outstanding job of building an organization to fill the needs of the merchants in this community.

During the time Mr. Perkes served as Manager of the Credit Bureau, he was elected President of the Associated Credit Bureaus of Rocky Mountain States and also served on the Board of Directors of the ACBoFA.

After the death of Mr. Perkes in 1940, Harry P. Earl, a man well experienced in credit work for many years, was appointed Manager. Mr. Earl was a Director of the National Retail Credit Association in 1937-1938 and served as President of our local organization in 1931 and for many years continued as a Director.

On December 15, 1944, in accordance with a national movement to standardize the names of Credit Bureaus, the name was changed from Associated Retail Credit Men to Credit Bureau of Salt Lake City. This was but one of the many constructive improvements which were made during the time Mr. Earl was Manager. In 1949 Mr. Earl was elected President of the ACBoFA after previously holding such offices as National Director, President of Associated Credit Bureaus of Rocky Mountain States and other important positions. Mr. Earl passed away in 1953 after making a substantial contribution through his leadership to local and national organizations.

## Growth of Bureau

The Credit Bureau of Salt Lake City, directed by such leadership, has continued to grow until at the present time it has a membership of 850 business and professional firms. We are proud of the part that our members have taken in filling district and national offices. One of our former directors, Eldon Taylor, is presently serving as President of the National Retail Credit Association, and one of our members, Mrs. Helen Spendlove, is Second Vice-President of the Credit Women's Breakfast Clubs of North America.

Salt Lake City is the center of a trading area for hundreds of miles around and, therefore, our master

files are considered rather large, numbering approximately 350,000. The obligation of serving customers has made it necessary to obtain information from many of the remote areas of the State, which are not covered by other Bureaus. Many times this has presented a difficult problem, but with the assistance of our loyal friends who act as correspondents in these areas, valuable assistance has been received.

## Divisions of Bureau

The Credit Bureau of Salt Lake City is comprised of a credit reporting section and a collection department. It is staffed with 75 willing and efficient workers, some of whom have been with the organization since it was started in 1915. This merchant-owned bureau is governed by a Board of Directors, comprised of nine members who are elected for three-year terms. One of the members of the Board serves as President, one as Vice-President, and one as Treasurer. The Bureau Manager serves as Executive Vice-President and Secretary. Each year committees are appointed to carry on the educational and social activities of our organization, which stimulates interest and good fellowship among the members. One of the directors acts in an advisory capacity to each committee in order that close contact and coordination may be maintained at all times.

Although the growth of Salt Lake City has not been spectacular, it has been steady. Most of the people of this community are rather conservative in the use of credit and feel the responsibility of promptly meeting their obligations. The local high schools and universities have been most cooperative in giving us the opportunity of helping to instruct our young people in the subject and finance in order that they may have a knowledge of the proper use of credit.

We are confident that, with the fine cooperation which we receive, our community will continue to benefit and grow on a sound, economic foundation. ★★★



# Modern Credit Plans

WENDELL B. ROMNEY

Retail Credit Sales Manager, Z.C.M.I. Department Store  
Salt Lake City, Utah

**P**RESENT DAY competition and rising costs are forcing the merchant to use every possible means to increase sales by attracting the cash and credit customer.

Management realizes the importance of the credit customer to profitable sales volume. Credit is no longer considered a costly service as in the old days when charge accounts were first introduced. Today credit is recognized as a selling medium to be aggressively merchandised for more volume and profit. Profit not only from the sale of merchandise but positive credit selling will produce a sizeable income earned through added credit service charges.

There are many steps to insure maximum volume and profit through credit sales. First, we must attract the credit customer to our store through the various new account promotion methods referred to many times—direct mail, door to door solicitation, telephone, advertising and employee contests. These promotions are directed to bring the customer into the store by opening an account—usually a 30-day account. But does the customer want a regular charge account? Is she capable of handling payment in full each month? Are we prepared to offer credit plans tailored to meet the individual needs? We recognize the need of a modern plant, a modern credit office, but are we conscious of the need to modernize our credit plans? Certainly, the extension of "loose" credit is not recommended. Expanding credit on a sound basis is not dangerous. We must, of course, screen all applications. Use the Credit Bureau. Counsel with the customer, and then suggest the credit plan best suited for the individual needs.

Many stores are still hesitant to adopt revolving credit. Instalment credit is an accepted plan as a stimulator of credit sales. Revolving credit, a form of instalment credit, has grown to the point of being almost as important to total store volume as regular budget credit. Revolving credit provides the customer with a charge account plan with a fixed or flexible limit.

Consider its other advantages.

1. Revolving credit appeals to the budget conscious customer—the small income wage earning group. There are many customers who can meet a reasonable monthly payment, but would overbuy if offered a regular 30-day account.

2. The plan is especially attractive to the newlywed operating on a limited budget. Incidentally, our bridal registry department prepares a list of newlyweds each week. We check the names for derogatory information and then open a revolving credit account, sending the Charge-plate with a letter signed by our General Manager, advising the young couple the account has been opened for their use. This plan is too new to report any activity figures indicating the degree of success.

3. Revolving Credit Plan offers the Charge-plate, the same or similar to the plate carried by a 30-day charge customer. This appeals to the pride of the customer who prefers a charge account but can make only partial monthly payments. There is very little distinction between the two types of accounts as far as the Charge-plate is concerned.

## Flexible Credit Limits

4. The trend to flexible limit revolving credit enables the customer to increase the limit without Credit Department approval. The monthly payment increases or decreases according to the amount unpaid. This flexible feature is convenient at peak buying periods, such as Easter, "Back-to-School" and Christmas.

5. Revolving credit provides the means of converting slow 30-day charge customers to a charge account plan of budget payments.

6. It encourages customers to purchase frequently up to the agreed limit and provides a means of selling soft merchandise on a charge account plan with instalment account features.

7. Revolving credit offers a source of other income through the service charge. This varies from 1 per cent to 1½ per cent, based on the previous balance. The service charge compensates somewhat for greater bad debt losses.

Revolving credit plans have proven to be a sales producer. Many merchants have accepted the plan enthusiastically, but they realize the importance of close supervision, including careful credit investigation and aggressive collection follow-up. The flexible limit feature encourages more buying, and sometimes it encourages buying beyond the customer's ability to pay. Increased sales and profits certainly are desired, but not at the expense of unreasonable credit losses, which can be minimized with proper care.

Modernization of credit plans continues. Credit plans to be most effective, producing the maximum credit sales, with a minimum of collection effort and confusion to the customer, should be few in number, flexible and simple in operation.

This need for simplification has created the newest credit plan, the Option Account. This is a combination of the regular 30-day account and the revolving account, and is known by several different names—the All Purpose Account, 30-Day Charge With Option Terms, Option Charge Account, Charge Account With Option Terms and Revolving Charge Account.

The Option Account, the term most commonly used, eliminates the confusion of having too many credit plans, and fills the need for an all purpose account. For years, the 30-day account was the only credit plan available besides the instalment contract accounts for hard merchandise, but it did not provide the flexibility necessary to the middle income group, who at times are unable to pay in full. The Coupon Book and instalment account provided the means of expanding the market for soft goods, but these plans are restricted to one purchase, or group of purchases at a time. Each transaction requires a new contract. The revolving credit account, as described above, was devised, but now we have the Option Account.

The following are some of the advantages of the Option Account Plan.

1. It reduces the number of credit plans. The Option Account elimi-



nates the separate revolving credit. The Option Account is a combination of the 30-day account and the revolving account.

2. The customer decides the manner of payment. She may pay in full when billed or she may elect to remit a portion of the balance. This amount varies among stores. Some require at least one-fourth of the balance owing, while others accept one-sixth as an acceptable payment. The minimum payment usually is \$10.00. The customer may pay in full one month, and make a partial payment the next month.

3. It is not necessary to obtain credit department approval. The flexible nature of the Option Account is pleasing to the customer. As long as payments are made according to the agreed terms, she does not have to contact the credit office to increase or decrease her payments.

4. Shopping is made easier at peak buying periods. The 30-day account may be converted to an instalment account without approval.

5. The Option Account eliminates the necessity of two different Chargeplates. There is no obvious distinction between the 30-day paying customer and the instalment paying customer.

6. The Option Plan places all open accounts on a "service charge added" basis if not paid in full when billed. Because of the increased costs of administrating this type of account, the extra income helps to defray this expense.

The last 25 years have witnessed a decided change in credit philosophy and in credit thinking. In the great depression years, all efforts were focused on the job of collecting outstanding accounts. Little attention was paid to credit sales promotion. The only credit offered was the 30-day account and the regular instalment account for hard goods.

With the passing of the years, and the return of prosperity, competition increased. World War II accelerated the demand for goods. Then, the return to more normal years found prices higher and competition for the consumer dollar more intensified. To expand sales, it was necessary to expand credit. Thus, we have the evolution of our present day credit plans—flexible, streamlined and simple.

Accept the challenge these new plans offer. Properly supervised, including accurate credit checking and close collection follow-up, modern credit plans provide the needed stimulant to increase sales and profits. ★★★

## Last Call—National Retail Credit Week

THERE IS time to start preparations for *National Retail Credit Week*, April 20-26, 1958. However, time is running short, so immediate action should be taken to participate in this outstanding event. Portfolios of useful material for the guidance of local committees are available. Write to the National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri, for your copy.

*National Retail Credit Week* offers an immensely valuable opportunity of telling the story of credit, of urging maximum use of credit, facilities to enrich life and of emphasizing the great advantages of paying all obligations exactly as agreed in order to build up and maintain a good credit record. All retail credit executives and credit bureau managers should combine their efforts toward making *National Retail Credit Week* of lasting benefit to the community by encouraging credit buying and prompt payment.

*National Retail Credit Week* has proved to be powerfully beneficial in focusing attention of the consumer public on the significance of credit in their lives and on the value of a

good credit record as a priceless personal asset.

The purpose of *National Retail Credit Week* is to encourage the maximum amount of sound credit sales and also to educate credit consumers to the importance of meeting all obligations as agreed. The entire community benefits directly or indirectly from this high lighting of the important role of consumer credit in all our activities. We hope that every community will participate to some extent, even though a comprehensive program is not possible. Parts of the entire program as set forth in the portfolio, may be undertaken.

Another aspect of *National Retail Credit Week* is appearance before high school classes. These students of today are the consumers of tomorrow and should be reached with the story of retail credit, its benefits and value. The important thing is to do something, at least, to share in this nationwide retail credit event.

This is "Our Week." Let us make the most of the golden opportunity to make everyone conscious of retail credit, what it does and how it works.

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# A Credit Policy Should Encourage Greater Sales

LAWRENCE F. SHAW

Credit Manager, Makoff, Salt Lake City, Utah

**M**AKOFF was founded in 1919 by Samuel Makoff, Sr., and was known as The Classic Shop. This original store, located on Main Street, had a frontage of only 14 feet. The staff consisted of Mr. Makoff, six salesladies, and a few service personnel.

In 1927, the store was expanded and moved to 60 East South Temple. Makoff has continuously expanded to meet the growing needs of our community, and in August 1955 moved into its present spacious and elegantly furnished new store at 210 East South Temple. This new building has three full floors totaling 53,000 square feet of floor space in an L-shaped structure running 176 feet north and south and an equal distance east and west. The main entrance of the new fashion center opens on to a lovely terraced garden which adjoins the spacious parking lot. This new store is a real show place for visitors, and people come from nearly every state

in the union to see the beautiful spiral staircase, which is pictured above. The personnel now number more than 100.

Makoff customers shop in completely clean air that is free from all smoke, pollen, spores, bacteria, dust, dirt, and all other air-borne contaminants. The merchandise never needs to be covered at night because of the electrostatically filtered air conditioning system. This store is really a life-long dream come true for Mr. Makoff—a fashion center to serve the needs of all the fashion-wise ladies of this community, and in fact throughout the entire Intermountain West. A great number of out-of-town people come in once or twice a year to select their wardrobes.

"She will love it all the more if it's from Makoff" is a slogan that has been developed over the years and is used at the Christmas season, which typifies the feeling that ladies have for merchandise that comes

from this store, and the high place it holds in the world of fashion. Makoff has held a unique position in this community for many years in that it has represented the ultimate in ladies' fashions and numbered nearly everyone in the higher income brackets among its patrons.

With the greatly expanded facilities of this new fashion center, greater emphasis is being made to introduce the middle income group to the quality merchandise available at popular prices, in addition to the exclusive designs for which it has long been famous. The traditional Makoff quality and superb service are being offered to this new group of patrons, and the response has been overwhelming.

All of this leads up to just one thing—credit sales promotion is of greater importance to Makoff today than it has ever been before. During the past year and one-half, a general revamping of credit policy has been undertaken, not so drastically different from the personalized credit terms that have always been available, but an attempt has been made to acquaint the general public with this liberal credit policy and to show them how they, too, can have the finest in ladies' apparel on credit terms designed to suit their convenience.

We adopted the first flexible limit revolving credit plan in the Salt Lake City area, which we called a Flexible Budget Account, or F.B.A. as it is designated in all our advertising, and immediately set up a slogan to be used in our newspaper ads and throughout the store, "Buy the easy way—Use our F.B.A." This new credit plan embodies all the convenience of a regular 30-day charge account with the time payment privilege of an instalment account, but is completely flexible insofar as expanding limits and payments up and down according to seasonal needs. The full balance can be paid in 30 days whenever convenient and no service charge will be added, or if



ABOVE is an air view of Salt Lake City with the snow-capped Wasatch Mountains in the background.

the patron desires instalments of one-sixth of the outstanding balance can be paid each month with a service charge of one per cent per month being added on the unpaid portion. There is a minimum payment of \$10.00 per month stipulated on any balance under \$60.00.

This credit plan in reality gives all the convenience of the "all purpose" or "option" account being discussed so much in credit circles as the account of the future. However, this is not the only type of account we offer at the present time, but it is being stressed whenever possible as the preferable type account over the regular 30-day charge account because of the flexibility of its terms to meet every occasion and every buying need.

### Coordinated Selling

Fashion-wise women have long known that when buying ladies' apparel it is almost mandatory that they buy a completely coordinated outfit all at one time in order to achieve the desired effect. A new suit or dress calls for properly matched accessories—shoes, bag, gloves, and millinery. This means that you cannot successfully buy a new dress this month, get the shoes next month, and the hat the following month, and ever step out feeling really "sharp" like you can in a completely coordinated outfit purchased all at the same time with the help of a fully trained salesperson who is trained in fashion and knows what to recommend. If purchased one at a time, the entire effect will be lost; but to buy them all at once and pay for them one at a time, such as you would do if you were buying just one item each month, today affords the opportunity of appearing smart at all times and yet staying within established budgets. For this reason, instalment terms are of greater importance in a ladies' specialty store than in some other type of business, particularly when you are appealing to the middle income group or to the career girl who cannot properly afford to pay for complete outfits all in one month.

### Training of Salespeople

Of course, to make this plan completely effective requires the full co-operation and training of the salespeople in the use of credit terms in their selling technique. They should be thoroughly familiar with the credit plans available so that when making suggestions to their patrons regarding accessories that would go well with the item they are purchasing they will know how to meet

the needs of this customer by suggesting the credit plan that will be most convenient for them. Naturally, all final arrangements for credit are always handled by the credit office.

We try to follow the motto in our credit department that we will arrange any terms the customer wants, and we find that in nearly every case their desires will fit in with our established policy, or through suggestive selling of credit terms, we can show them the advisability of terms according to our regular plan. But to tell a customer that we will set up terms how ever they wish them compliments the person greatly and makes them feel that we are willing to cooperate and help them in every way possible. It also takes away any doubts they may have in their own mind about buying this complete outfit, even though it might cost a little more than they planned to spend.

### The Credit Interview

Friendliness and informality in the credit interview create a still greater bond of friendship. We have completely eliminated the formality of a desk in the interviewing of customers for credit, but we just sit down with them in a small private office where both the customer and the interviewer can be comfortable and chat together on an informal basis. We have found this technique of credit interviewing to be very helpful in establishing a feeling of confidence with our patrons. Many times people asking for credit have a feeling they are seeking a favor and are a little reluctant to ask for this consideration for fear of being refused. Applying for credit should be made easy. It is not something we are granting as a favor . . . it is something that we are offering as a part of our regular business routine, and should be done without embarrassment to the customer.

The credit department is a part of the selling organization of the store, and we should never lose sight of this fact. Our function is to make it possible for people to have the things they want and pay for them in a manner that is convenient to their needs. Credit sales promotion should be uppermost in the mind of every credit executive, every credit department employee, and every salesclerk, and above all, the top management of every business. As credit executives, we should strive to make the credit department an integral part of the sales promotion organization of our business and do everything within our power to promote greater business volume. ★★★

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# What Is the Most Important Credit Problem?

In Robeson County, we are definitely going through a period of re-adjustment. This is an agricultural center for the most part, and with the 20 per cent cut-back in tobacco, we have seen a decrease in our income. Despite the lowered income from the tobacco crop, our spirits are not dampened, because we feel that North Carolina and particularly eastern North Carolina is the coming industrial area of the nation. We have labor, climate, water and power and sites. Our labor conditions are good, and we now have facts to convince industry that we can supply their needs in a highly satisfactory manner. There are now prospects for 500 new jobs just in the Lumberton area during the year 1958, and I would say that there is definite assurance of at least 300 of these in the next six months. Our greatest retail credit problem will be customers wanting longer terms, and we will experience more trouble with collections. Merchants should be careful not to over-load, and there should be more emphasis on credit investigations which should be very thorough. Helping customers to adjust to the lower income will be one of the responsibilities of our retailers.—Mrs. Mabel L. Biggs, Manager, Credit Bureau of Lumberton, Lumberton, North Carolina.

★ ★ ★

In my opinion, the credit problem for 1958 is much the same as in 1957, but to a greater degree—that of pyramiding open accounts. While management is interested in credit sales, at the same time, credit managers are faced with the problem of collection in the instances where people are purchasing at various stores at the same time, and becoming delinquent. Each credit manager must be on the alert to keep customers' financial standing current, and the only way to do this is to clear periodically with the Credit Bureau. Too many times we extend credit based on information we secured from the Credit Bureau many months and sometimes years prior to the date of current purchases. People's circumstances change and today it is important that we review our records to determine that we know the current situation and standing of our customers, particularly that their employment has not changed, etc.—Ediemia H. Boulton, Credit Manager, Wonder Shop, Albany, New York.

★ ★ ★

As far as the Southwest is concerned, I honestly can not point my finger at any special credit problem that will be unique to 1958. I read that other sections of the country may be faced with a mild to moderate economic decline which, if true, means guarding against overextending and closely following collections. However, in this area, whether we like it or not, government defense spending is certain to keep our economic wheels turning as fast, if not faster, than in 1957. I do see this: more and more our consumer business is converting to more and more credit. Per se, this is good. It means more and more people may enjoy the "good things of life" today and pay for them tomorrow. It means that such demand will sustain more and more production, hence, more and more jobs, better incomes, a better living standard. But, we are all aware of the credit granter's responsibility to himself, his customers, and even his country to control his extensions within the limits of his customer's ability to repay. I am concerned that collections in the past have been so easy that many are lulled into believing they always will be easy. We have a simple, obvious device to control overextending, namely, the automatic reporting to our credit bureaus of delinquencies in the early stages. True, an individual, unusual contributing conditions excepted, becomes overextended before he becomes delinquent. But this condition may be quickly corrected if further extensions are with-

held pending corrections. Hence, the necessity of early reporting of delinquencies. The maximum should be 120 days on open accounts and the missed second payment on the budget or instalment account. Will it work or is this just another impractical theory? For proof, you need look no farther than the terrific results obtained when leading granters in a community team together and self-enforce such reporting. In fact, it works so good that credit is safely granted on the absence of any reported past-due account. It appears we should all get smart and back this program 100 per cent right now.—Chapin S. Carnes, Manager, Credit Bureau of Albuquerque, New Mexico.

★ ★ ★

This promises to be a year of adjustment in which management and credit departments must work hand in hand to maintain the highest possible volume of sales and at the same time eliminate the open book, long term credit policies prevalent today. With the slow-up in business, especially in industrial towns and cities, it will become necessary to clean house of the risk element in credit accounts. There must be a concentrated drive to collect slow and past-due accounts, a closer watch on overloading, a closer scrutiny of all credit applications and credit bureau reports, and a return to the old time basic credit and collection methods. In my opinion we can expect a slight decrease in sales for the first eight months of this year with a great surge of buying in the last four months. To be able to meet this late year increase in sales which reflects in accounts receivable, it is necessary to build a cushion by extra collection effort in the first two-thirds of the year. This will not be a simple job because with reduced sales you will be operating with a smaller working force. Credit managers and credit departments have always been able to meet the challenge of changing business conditions and I am confident the year 1958 will bring the same desired satisfactory results.—J. Edwin Davis, Credit Manager, The Bing Company, Cleveland, Ohio.

★ ★ ★

A year of readjustment is ahead of us. This readjustment period will offer all of us an opportunity of re-evaluating our past performance. Gearing our sales and credit practices to the competitive era ahead of us will be a large part of our work in 1958. In this competition we cannot lose sight of the principles of sound credit management. Your competitor may have wild terms and have you temporarily worried, but in the long run he still has to have a profit to stay in business. His cost of credit will undoubtedly rise because of this loose credit. Sound credit practice is still the life blood of the American economy. Sound optimism from our sales and credit personnel, as well as management, must be constantly echoed through the valleys of our everyday living. We cannot take a defeatist attitude in the wake of pseudo-pessimism. Our own morale and that of our customer is at stake. Generating enthusiasm not only helps your customer to feel in a better buying mood it also helps you. We can expect 1958 to be a very good year, but it will also be a very competitive year. We must gear ourselves and our departments to meet this challenge, not only in 1958, but to establish ourselves for the future.—C. Roger Emerson, Assistant General Manager, Economy Supplies, Duluth, Minnesota.

★ ★ ★

Forecasters in many areas foresee 1958 to be a leveling-off year. However, the leveling-off is anticipated on a high plateau and its effects should not be too far-reaching or drastic. The resulting sales volume and production

# Credit Problem for 1958?

The Current Trend  
Of Credit Thought

is always the result of an efficient, highly trained personnel. Undoubtedly, the firms who offer "plus" in customer relations will be the firms who will feel no slackening of volume and undoubtedly can increase their sales. Each sale starts with customer relations. The intelligent extension of credit to fit the family budget is an important facet of customer relations. It is estimated that our population has increased one and eight tenths per cent over 1956. This means a continually increasing market for merchandise and services for the firms who actively solicit new charge customers and make a continuous campaign of keeping their old customers. Collections and follow-up will undoubtedly be an important factor this year as always. A specific policy, well communicated to the new customer, and immediate follow-up will maintain a high percentage of recovery on accounts receivable. Customer relations observed and maintained at sales level and credit department level will easily overcome any decrease otherwise felt in even the slight leveling-off anticipated.—George P. Johns, General Manager, Credit Bureau of Decatur, Decatur, Illinois.

★ ★ ★

The most important credit problem we have in 1958 is the effective use of sound credit controls. This not only applies to the granting of credit but the important responsibility we have in making certain that our customers do not obligate themselves beyond their ability to pay promptly. I have seen too many cases where the added month or added delivery that we made to a good customer was the straw that broke the camel's back, resulting not only in insolvency and bankruptcy but broken homes and destroyed ambitions. With 1958 being a year for our returning to normalcy, effective controls on our accounts will enable all of our customers to come through any critical situations they may face in 1958 with a much sounder attitude toward the free economy we have in America that has meant so much toward the realization of our high standards of living.—C. K. Kilgas, Northwest Credit Manager, General Petroleum Corporation, Portland, Oregon.

★ ★ ★

Tight money policies instituted during 1957 have created many problems for credit managers. Many firms who were expanding and progressing favorably with full employment, are now restricted to such an extent, as to result in recession and unemployment. A large number of these firms have now become borderline credit problems and individuals who were formerly able to take care of their commitments are now not able to do so. Retail credit sales have become far more competitive, and sales and credit managers are going to have to be keen and alert. Keen to get the business and alert to make sure they are going to get paid. There is every indication that collections are slower, and in view of the above, could become even slower and result in a bad debt problem, unless a policy of caution is observed.—R. W. McKenzie, Assistant Manager, Heaney's, Victoria, B. C., Canada.

★ ★ ★

During 1958 credit executives will be under increasing pressure to relax and liberalize the terms of down payments and length of contracts and accounts. Recent collection trends indicate that the relaxing of terms could be dangerous and costly to the retailer. This will probably be the number one problem in 1958. With the potential buying power available to the buying public, the terms now available appear adequate. Customers should be encouraged to pay as much down on purchases as possible and to repay balances in as short

a term as is convenient. Now appears to be the time to be practical and realistic in extending credit.—G. E. McNary, Vice-President, San Diego Trust and Savings Bank, San Diego, California.

★ ★ ★

One of the important problems of 1958 will be collections. The laxity in public relations, the failure to educate the public along with the personnel affiliated with the field of credit, help to create a lack of understanding of responsibility that is due to the creditor. Statistics show that employment is at the lowest level since the year of 1949. Under these conditions there should be a curb on buying and a closer control on collections.—Mrs. Alberta Pearson, Assistant Credit Manager, Lovelace Clinic, Albuquerque, New Mexico.

★ ★ ★

The year 1958 should see many new advances in science such as our own Sputnik, guided missiles, the atomic-powered air craft, and a host of others. This new industry means added purchasing power for the consumer. The United States Chamber of Commerce recently issued the summary of a study concerning the business outlook for 1958. The list indicated an increase in consumer credit of 10 per cent. Apparently, the increase would be the normal result of customer demand, advertising and salesmanship. Managers of credit sales can increase the 10 per cent estimate by the excellent credit sales tool, "Effective Credit and Collection Letters." This publication, written by Leonard Berry will help inexperienced and experienced managers of credit sales produce some excellent results. The increased business will be available to the person who really goes after it. The ever-increasing "Notices of Bankruptcy" will cause all of us much concern. I feel that the bankruptcy laws are out-dated and the former stigma attached to bankruptcy has been eliminated to a great extent. Bankruptcy has become an easy "out." A number of bankrupts have confidentially told me that their attorney encouraged bankruptcy as a quick and easy method of eliminating their obligations. Many people are advertising by word of mouth that "taking the cure" is such an easy way out. Therefore, I believe the best way to eliminate the increasing problem is to refuse credit, regardless of a good down-payment, until a thorough credit check is obtained from the credit bureau. Until our bankruptcy laws are revised this is the only solution I can conscientiously use. People are still looking for "easy money." Our daily newspapers inform us about firms being sued in many cases without reasonable cause. These suits are for thousands of dollars. Therefore, it behooves all of us to re-examine our conditional sales contracts and ascertain that they are in order. We should be absolutely certain that our contracts contain points that are important to our individual firms. These points should include the rate of interest and should be definite concerning recovery of merchandise that is not paid for. Loopholes should be eliminated. Our contracts should be crystal clear. Many attorneys are eagerly waiting to represent some of these customers who are attempting to make a "fast buck" by suing our firms. Clip the news stories from your newspapers concerning local law suits, for one month, and your eyes will open wide. I do not feel that we should be unduly alarmed about business. We will all get our share if we go after it. I do feel that we should take stock of ourselves, our company policy, and our contracts. We should weed out the undesirable accounts before putting them on our books. This will eliminate some losses we would normally have due to bankruptcy. The elimination of doubtful accounts should also lower our chances of a nuisance law suit.—Ernest W. Reames, Manager of Credit Sales, Hogg Brothers, Salem, Oregon.



I would begin by pointing out that the banker's view of such matters necessarily is strongly affected by his peculiar position as a sort of "control valve" of credit that flows into all of the channels of trade and commerce as distinct from the typical retail credit manager's considerably narrower responsibility to see that accounts arising from the sale of his own merchandise are kept liquid. Therefore, these comments will comprise a few broad strokes aimed at the whole range of the consumer economy as its problems shape up to the creator of personal finance. It seems to me that perhaps the most critical problem that is casting its shadow before the threshold of the year 1958 stems from the studied determination of the manufacturers and producers of consumer goods and services to insure that the massive output of their industry is moved promptly and unremittingly into the hands of consumers or to their use. In order to keep the wheels of industry turning at somewhere near the present pace and, at the same time, to moderate the present rate of inventory accumulation manufacturers of ultimate use goods can be counted upon to mount perhaps the most intensive sales promotional campaign that the nation has witnessed since 1955. This means that an immense effort will be made to motivate the urge to buy and to turn the individual's mind away from his total monthly outlay or the indebtedness that will be added to his already heavy burden. It will become more incumbent than ever before upon the loan interviewer, or, for that matter, the retail grantor, to analyze in considerable detail the applicant's net asset position and to study more carefully his need for credit and the use to which he plans to put it. Furthermore, we have the paradoxical spectacle before us of a possible severe increase in unemployment at the same time that the general rise in the cost of living and in the prices of goods and services as a whole continue unabated. These conditions, if unchecked, will create their own special category of problems for bank, finance company, and mercantile adjustment departments. While the general tone of the foregoing comments may sound somewhat pessimistic, actually I am prepared to give considerable weight to what appears to be the consensus of the professional economists to the effect that the latter months of 1958 should spark a definite and sustained revival.—R. W. Schilling, Senior Vice-President, The Bank of Georgia, Atlanta, Georgia.

★ ★ ★

Business in 1958 will be caught in a profit squeeze. It will be a year of hard selling. I believe that the retailer should continue to extend credit as in the past and might even lengthen his credit terms to stimulate that selling. During a period of rapid growth in instalment credit creation, such as was experienced in 1955, repayments do not rise immediately but after a period of time they catch up. If we extend greater credit now on longer terms, payments can catch up on these in 1959 when predictions are that our economy will again be on the rise. Four Federal Reserve Banks have already lowered the interest rate and it is expected that we in the Middle West will soon enjoy a one-half of one per cent lower rate on our bank loans. On the collection side our ratio will drop in the first half of 1958, but the decline can be held back by more direct personal collection effort rather than routine sending of notices.—R. W. Schmidt, Treasurer and Controller, Reifers Furniture Company, Lafayette, Indiana.

★ ★ ★

Working in a hospital, we feel that the most important credit problems that will confront us, are for the most part the same old ones. First, how do we make people feel responsible for their bills? Illness is not something planned, and when one is well again, they are sometimes resentful about the whole affair. After all they do not have a fur coat to show for their money—sometimes not even an interesting scar! Young couples buy a TV

on "easy monthly" payments, a washing machine, a rug, even a car (though the payments aren't so easy on that one) and they expect to pay for "Junior" the same way. Unfortunately, most hospitals just do not have that kind of working capital. How do we get people to develop the kind of responsibility that makes good citizens and good credit risks? I feel that is the big problem, not just for 1958, but for a good many years to come.—Edith Williams, Credit Office, Mercy Hospital, Denver, Colorado.

★ ★ ★

It seems apparent that in view of slight consumer resistance to sales and the accompanying temptation to ease or extend terms, that the paramount problem facing credit granters in 1958 will be that of more careful screening of credit risks and a continuing and intensified program of further educating the credit purchaser to the responsibilities which accompany the privileges and benefits of buying on credit. In our business, it is a general rule that the better the credit risk, the better the underwriting risk. We think that more careful selectivity and terms no more generous than in the past are indicated for 1958. There has never been a more appropriate time to emphasize the theme, "Guard Your Credit as a Sacred Trust."—Ernest B. Wilson, General Manager, Bank Credit Life Insurance Company of Arkansas, Harrison, Arkansas.

★ ★ ★

Retail sales in Canada for the past few years have been buoyant, but as 1957 drew to a close, there appeared a noticeable decline and it was becoming evident that we may be drifting into a period of readjustment. Retail business organizations, especially in a young country such as ours, are built to cater to an expanding economy and "dip" in the sales volume, no matter how slight, immediately brings into force great pressures in merchandising and financing. The year 1958, then, will be one of intense competition for the consumers' dollar and the credit executive must give his full support by providing ways and means of increasing credit sales and, at the same time, keep his losses within the recognized and accepted limits. Another problem for 1958 will undoubtedly be that of collections, and especially on those instalment accounts that were opened during the years of greater prosperity and on which a balance still remains. Some of these customers will be financially embarrassed by a lack of steady employment, but fundamentally they are good credit risks and their future is bright. However, in order to keep losses down and lend assistance in the general financing of business, these accounts must be collected as quickly as possible, but care must also be taken to retain the customers' goodwill and cash patronage. On the whole, 1958 would appear to be a year of ups and downs and the credit executive's problems of declining Sales and more difficult Collections will tax his ingenuity to the limit, but with patience and a tactful and intelligent approach he can maintain a strong financial position and be better prepared to grasp the opportunities of a reviving economy which is already upon the threshold of tomorrow.—W. J. Thomson, General Credit Manager, Western Division, The T. Eaton Company Canada Limited, Winnipeg, Manitoba, Canada.

★ ★ ★

With a profitable operation as everyone's ultimate aim, it appears to me that our biggest challenge in 1958 is keeping down the cost of maintaining charge accounts. This is a big problem for all merchants, but especially so for the smaller operations not quite large enough to take advantage of machines which tend to keep costs down. Since much of our effort is required in the collection end of our profession, we should not forget that the time and cost of this phase of credit department work could be kept down by consumer education.—Henri R. Wolkoff, General Credit Manager, The Town Shop, Poughkeepsie, New York.

# Processing Credit Sales at Utah's Largest Volume Furniture Store

**MAYNARD M. SORENSEN**

*Assistant Secretary-Treasurer, South East Furniture Company  
Salt Lake City, Utah*

**I**N THE HOME furnishing business, credit is inseparably connected with volume sales. Retaining the account at the store, rather than at a financing institution, is most desirable because it maintains a closer relationship with the customer.

Occasionally the customer may insist on payment terms that extend over 24 months, and because of limited capital, the store is compelled to sell the contract to a finance company. In this event, it is desirable to arrange to have the payments made directly to the store, because this maintains contact with the customer and many times provides an opportunity to suggest additional sales.

In our store we try to discourage long term payment plans, however, we offer an add-on feature for the customer's convenience. Buying to the point that self restraint is jeopardized is not encouraged, for we realize that overbuying causes inflation and would eventually bring about legislation imposing credit controls.

In addition to the add-on installment account, most furniture stores also offer an open charge account. We feel that charges made to either of these types of accounts should be carefully screened for credit control because most of our sales are on large ticket items.

Although the revolving credit account has sometimes been used in the furniture business, it has been found that the more secure, conditional sales contract, with the add-on privilege, is more acceptable. This type of contract is usually controlled by state law and, therefore, may vary somewhat in different states. Because legislators, in some cases, have attempted to introduce laws which would adversely affect conditional sales contracts, we must constantly be aware of any bills submitted which would pertain to this type of instrument.

Years ago, an uncle of mine made a wise comment, saying, "I never borrow without offering security of some kind." The title retaining aspect of the conditional sales contract, in one respect, is a security against the debt incurred in an installment purchase.

The "add-on" feature of the conditional sales contract, where the old balance is included as new purchases

are added, is an important factor to consider because it provides the customer with a means of making systematic purchases on a budget plan and also offers security to the seller.

Sometimes a customer becomes concerned because previous purchases which have not been fully paid for become a part of the new contract and, therefore, are subject to repossession in case of default.

We allow twelve months repayment time on furniture purchases without added charge. Longer terms are available with a carrying charge on the extra time only. Appliances, carpet, drapery, radio and television sales have a carrying charge applied when payments are in excess of 90 days. On add-on purchases, no charge or penalty is attached on the time previously agreed upon, because we feel that to do so would be unjust and illegal. Low carrying charge rates, in the long run, increase volume and help us make more profit from our sales.

Contracts should be short in form, containing only essential and legally enforceable terms. I have read many contracts which are cluttered with items which are confusing and probably could never be enforced in a court. Existing laws and statutes make it unnecessary to list many of the clauses which are used in present contracts. It is important that we have our attorneys help us streamline and modernize our contracts to make them more understandable and less cumbersome to use. We have a policy of reviewing all forms from time to time to determine that they fit our procedures and needs.

Because of our extensive patronage, we maintain active membership in five Credit Bureaus. The Credit Bureaus of Salt Lake City, Provo, Ogden, Price and American Fork, Utah serve us well. To open an account without a credit report is unthinkable at South East. During 1957 we ordered more than 12,000 credit reports. We answer very few credit inquiries other than through the Credit Bureaus because we feel that information given over the phone and through the mail may not be treated confidentially.

We consider the Credit Bureau an enterprise which operates for the best interests of the community and, therefore, we cooperate fully in an-

swering their inquiries promptly and thoroughly. We take great pride in our affiliation with the Credit Bureaus and greatly appreciate the service we receive from them.

The difference between real success and failure in many cases is a marginal effort. While the customer is making a purchase, or paying on his account, in our store, he should be made acquainted with the many advantages and services which we offer. The credit interviewer often invites him to add to his account at this time rather than relying on mail solicitation.

Our customers are people who like recognition. An excellent example is set by our general manager, who often greets a child of one of our customer friends in the store with a presentation of a small chair, a doll, or some other tangible token of our appreciation. Give something tangible away and the returns will be one hundred fold. ★★★

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# District Educational Activities

ARTHUR B. BUCKERIDGE

Manager, Memphis Consumer Credit Association  
Memphis, Tennessee

THERE HAS been such a tremendous growth in the field of education in our three national organizations that every district has a great fund of material already available. We do not have to break our necks or even strain ourselves in thinking up things to do; just take advantage of what we already have.

In the offices of the National Retail Credit Association there are films, brochures, inserts, outlines for talks to give to civic clubs, senior and junior high schools, well-prepared advertising campaigns on Pay Promptly and sound credit in the newspapers, over the radio or on television.

In District 2 of the ACBoFA we have been fortunate in having a coordinator who sees that programs are properly prepared so as to be of interest to the Credit Women's Breakfast Clubs, members of the National Retail Credit Association and the Associated Credit Bureaus of America. I refer to Charlie Moorman who has been our coordinator for years in the Southeastern District and his efficiency and the cooperation he gets from everyone increases every year.

We cannot overlook the fact that our nation is a credit economy and that it is our duty to carry on an educational campaign for sound credit as we are the hub of the entire credit system which has given America such a high standard of living by merchandising the products of our factories.

Equally important is the fact that credit and bureau managers are thirsty for ideas to keep our credit economy in a sound condition. Our national organization provides the material at the district level that we bring everything to the attention of the delegates so they can carry the ideas back home and there convey them to the public as well as the merchants, business, financial firms and professional men. Like the slogan of General Electric "Education is our most important product."

District meetings can be more educational by careful planning and using the material available in our national offices; then after we have arranged our program to be complete and balanced to see that publicity is prepared in advance through the help of the credit bureaus, credit associations and breakfast clubs so that every person engaged in the credit system knows what a fine convention has been arranged and the importance of attending.

The N.R.C.A. educational film "The Good Things of Life on Credit" should be shown at district conventions so those present will be encouraged to use it in their home city as a means of educating civic and service clubs and associations, in teaching the students in high schools and colleges how to get off on the right foot as a good credit risk; also as a program for the public where they have a local television station.

Pay Promptly campaigns should be staged on a year-round basis using every newspaper, radio and television station. And the material for all these sources is available at the N.R.C.A. headquarters in a package kit.

The annual Scott Award is one of the finest accomplishments of our national credit structure. But proper publicity must be given at the local level so every credit manager who is doing an outstanding educational job will know that he is eligible for this high—and financially rewarding—honor. The size of the store or the city is of little consequence; it is what the credit manager does. Many credit managers who are eligible have never tossed their hats in the ring.

National Retail Credit Week is a natural. Governors and Mayors will gladly issue a proclamation and they know the value of sound credit. Newspapers will be ready to give news releases of the Week when they are given full details as to the project. They often write special editorials.

In the Southeast, National Retail Credit Week is a district project and every credit bureau and association receives full details as to how to cooperate. This past year, Ken Uffman of Baton Rouge was chairman for the event in conjunction with the District Educational Director. Three pages of ideas were sent to every bureau, tying up with the N.R.C.A. kit containing all the materials needed, available on request. The educational Bulletin even contained a letter to write to ministers, priests and rabbis so they could stress the importance of good credit in their sermons or mass on the Sunday of Credit Week. A large number of bureaus and associations used the national advertising; radio and TV material with splendid results.

The advantages of the various awards made by the N.R.C.A., ACBoFA, and the C.W.B.C. are great, as they create an incentive on the part of those who seek to attain those honors; they constitute a reward for outstanding work and afford great pride among those who win.

There are many excellent speakers on "credit" available in every district who will be glad to speak to associations and bureaus on an expense basis. A letter to each bureau or association asking for names will speedily create such a list and our educational program will make terrific progress.

The ACB of the Southeast proved during the past year that Sterling S. Speake's credit school could be sold by publicity. Complete details on his course, its success where it had been held and the dates he would be available in our district were sent to every unit of the district.

With men like Messrs. Speake, Womack, Hert, Berry and Peterson in the N.R.C.A. office; with the excellent staff in the ACBoFA and the office at the C.W.B.C., we can't help but go forward in our educational program.

I have heard a great deal of favorable comment regarding the N.R.C.A. booth at several recent conventions, including the one at Miami Beach. We need more of this type of education.

To sum up, we all have the great responsibility of educating our members, our employees and the public on sound credit. ★★★

*Reading this publication carefully  
and regularly will contribute to  
your success as a Credit Executive.*





# Post Conference Tours to Hawaii

DELEGATES to the 44th Annual International Consumer Credit Conference to be held at the Hotel Statler, Los Angeles, California, July 13-16, 1958 will have an opportunity to take a post-conference tour to Hawaii if they so desire. Arrangements have been made with the Cartan Travel Bureau, Chicago, Ill., to conduct the tours for us.

The tours are planned and priced around accommodations at the Princess Kaiulani Hotel, Honolulu, which has become the social center for the Islanders and visitors who prefer informal and friendly atmosphere. This hotel has been selected for our group because it offers much in the way of service, decor and casual living at a modest price. All rooms will be the best outside twins and singles with bath in the most desirable locations.

Hawaii used to be as far away as Timbuktu but from Los Angeles it is now only an eight and one-half hour flight by United Air Lines or a four and one-half day voyage by steamer. In Hawaii the sun shines almost 360 days a year. Temperature averages 75 degrees. Every thing is a little greener in the winter because of slightly more rain, but the water temperature climbs in the summer, making swimming perfect day or night. The semi-tropical climate lets visitors travel light—aloha shirts and sun dresses in the daytime, coats and wraps in the evening. There are sports for everyone, from swimming, surfing and riding catamarans off Waikiki, to

golf, tennis, spear and deep sea fishing; from wild goat and sheep hunting to ti leaf sliding. There are also luaus or Hawaiian feasts and Hukilaus, or village fish fries. A typical beach scene is shown below. The evenings hold exotic refreshments and hula dancers who can chase thoughts of mambos and minuets far away. Menus have exotic dishes, almost impossible to find on the Mainland—planked mahimahi, poached opalapaka, lau-laus and poi, pressed almond duck, teriyaki steak—all worth trying.

From the sands of Waikiki to the lava rock of Kona, from the streets of Honolulu to the top of the Nuuanu Pali, Hawaii is bustling. The trade winds still push some of the world's loveliest clouds past Diamond Head, but to the tune of pile drivers and riveters.

According to James H. Shoemaker, director of research for the Bank of Hawaii, the factors responsible for the postwar expansion of the vacation industry are: 1. air transportation, 2. the rise in Mainland family income, 3. the Mainland migration of population to the West Coast, and 4. the general rise in tourism. Peak prewar saw 32,000 visitors spend more than two days in the Islands. Postwar expansion of air service to the Islands brought the total to 51,000 by 1951. In 1958, 180,000 will bask in the Island sun. United Air Lines, for example, which flies more Mainland tourists to and from the Islands than any other carrier, began serving Hono-

lulu with one round trip daily from San Francisco in 1947. Today, the company operates 22 round trips weekly between Los Angeles-San Francisco and Hawaii.

Hawaii already supplies 70 per cent of the world's canned pineapple and one-fourth of the sugar that grows under the United States flag. The federal government spends more than \$300 million each year in the Islands, mostly for defense. Cattle, Hawaiian garments, papaya, fresh pineapple, and native crafts are all growing. Tourism is the Island's baby oil well. Production is being increased and Islanders hope the reserves are unlimited.

New superhighways are bisecting Honolulu. The two-lane road which winds over the Koolau Mountain Range by way of famed Nuuanu Pali is being straightened and widened to four lanes. The beauty of old Hawaii can be found by driving around the Island of Oahu—something all of our members will enjoy. Here 205 pure-blooded Hawaiians live without dogs, courts, movies, television or police and still speak the ancient language; at Kailua, Kona, favorite residence of King Kamehameha in his old age; at Kealahou Bay where Captain Cook was killed in 1779 and which was the site of Honaunau, famed Hawaiian city of refuge for all who fled the ancient law. The beauty of old Hawaii can be found by getting to know the people themselves.

Most surprising to the uninitiated who expect only swaying palm trees and well-worn footpaths, is the number of automobiles in Honolulu. With half (247,000) the Island's population, Honolulu boasts over 100,000 cars, giving it a density second only to Los Angeles. Visitors register incredulous expressions when they find that pedestrians, with or without shoes, have the right of way. What is more, the drivers do not seem to mind. Nobody except the construction business is in much of a rush anyway.

Here is an opportunity to make a tour that you always wanted to make—a tour that you will never forget. There are four tours available to our group. The tours will start on July 17—the day following the close of the Conference. For all details write Don Feather, Cartan Travel Service, 108 North State Street, Chicago 2, Illinois.



# Early Registration Advisable

YOU ARE cordially invited to attend the 44th Annual International Consumer Credit Conference of the National Retail Credit Association, Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America to be held at the Hotel Statler, Los Angeles, California, July 13, 14, 15, and 16, 1958.

An early registration is advisable. Fill out the registration blank below and mail it to the National Office now. You will then be sent a hotel reservation card and after it is returned with the registration fee we shall mail it immediately to the Hotel Statler. You will receive confirmation direct from the hotel. No room deposit is necessary.

Conference hotel rates are:

## Hotel Statler

Room: One person	\$8.00 to \$14.00
Room: (double bed) Two persons	\$11.50 to \$16.50
Room: (twin beds) Two persons	\$12.00 to \$18.00
Suite: Living room and bedroom, one person	\$22.00 to \$28.00
Suite: Living room and bedroom (double bed), two persons	\$22.00 to \$34.00
Suite: Living room and bedroom (twin beds), two persons	\$22.00 to \$36.00
For each additional person, over two, in room, daily charge \$2.50 extra.	

## Biltmore Hotel

Room: One person	\$8.00 to \$10.00
Room: (double bed) Two persons	\$10.50 to \$12.50
Room: (twin beds) Two persons	\$12.00 to \$15.00
Suites: Living room and bedroom (twin beds)	\$20.00 to \$30.00

Banquet reservations will be handled as follows: All seats at the annual banquet on Wednesday evening, July 16, will be reserved. Those delegates who register

in advance of the conference will receive their banquet tickets 30 days prior to the conference. Those who register first will be given preference as to the best tables available. If you wish to sit with your friends you must make your reservations prior to June 10. Send to the National Office names of those registrants with whom you wish to sit. If an emergency prevents your attending you may cancel your registration prior to July 1 and receive full refund of your registration fee provided your banquet ticket is returned with your cancellation notice. There will be no refund of your banquet reservation or registration fee after July 1.

Separate meetings will be held by the ACBoFA and the N.R.C.A. on Tuesday. The program of the N.R.C.A. that morning will cover six important phases of credit operation; each subject being presented by an outstanding credit sales manager. Dr. William H. Alexander, Pastor, First Christian Church, Oklahoma City, Oklahoma, will address the conference on Monday on "The Power to Become." The Wednesday morning session will be addressed by J. A. Walker, General Credit Manager, Standard Oil Company of California and President of the National Association of Credit Men. In addition, Jack Schwartz, Los Angeles, an outstanding authority on "How to Get More Business by Telephone," will address the Wednesday session.

As in the past there will be a credit workshop and meetings of the several groups will be held from 2:00 to 5:00 p.m. on Monday, Tuesday and Wednesday. The grand finale will be the banquet and entertainment on Wednesday, the last day of the conference.

We hope to welcome you to Los Angeles. Send in your registration now.

## Registration Blank

### 44th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Los Angeles, California—July 13-16, 1958

Delegate Registration, \$25.00

Guest Registration, \$15.00

Check Type of Membership	Name .....
	Firm .....
	City and State .....
	Will attend sessions of .....
	Will arrive .....
<input type="checkbox"/> ACBoFA	Group
<input type="checkbox"/> CWBC of NA	
<input type="checkbox"/> N.R.C.A.	
<input type="checkbox"/> I will attend CWBC of NA Breakfast, Sunday, July 13, 1958—7:30 a.m. (Cost Included in Registration Fee.)	

Mail Registration Blank with check attached payable to:

INTERNATIONAL CONSUMER CREDIT CONFERENCE COMMITTEE  
c/o National Retail Credit Association  
375 Jackson Avenue, St. Louis 5, Missouri

Admittance to All Meetings Will Be by Badge Only

Mail

This

Blank

In

Today!



# CREDIT FLASHES

## E. F. Horner Retires

Former National Director E. F. (Jack) Horner retired February 1, 1958 as Credit Manager of Klines, St. Louis, Missouri. On February 1, 1958, 50 of his friends gave him a testimonial dinner at the Mayfair Hotel and it was gratifying to observe the high regard he has had in the minds and thinking of his friends in the credit fraternity. In addition to serving as credit manager of his store for 39 years he has served as: director of the N.R.C.A. for four years; president of the Credit Bureau of St. Louis for two years; president of the Associated Retail Credit Men of St. Louis; chairman of the Collection Committee of The Credit Bureau for 15 years; chairman of the educational committee of the Associated Retail Credit Men for 20 years; and has been an active supporter of the Credit Women's Breakfast Club of St. Louis since its organization in 1937.

Mr. Horner will retire to his home in St. Louis County where he has a large plot of ground that will enable him to do the things he has wanted to do for many years. It was a real privilege and pleasure to know him personally for 40 years and to have had the opportunity of working with him. I was especially pleased and honored to have been selected as chairman of his testimonial dinner. He was presented with a gold watch by his friends and L. S. Crowder, General Manager-Treasurer of N.R.C.A. presented him with an honorary life membership in the N.R.C.A. We all wish Jack many years of health and happiness in his well deserved retirement.

—A. J. Kruse.

## New Manager for Dallas Association

J. E. R. Chilton, Jr., president of the Chilton Company, Dallas, Texas, has announced that J. E. R. Chilton, III has been appointed general manager of the Merchants Retail Credit Association of the same city. He will be assisted by Stanley S. Morton, Reporting Division Manager; Willis G. Short, Collection Division Manager; and William Mustain, Sales Division Manager. The appointments were made effective January 1, 1958. This will enable Mr. Chilton, Jr., to devote more of his time to future planning of the parent organization.

## A. J. Kruse Speaks at Lebanon, Missouri

A. J. Kruse, retired credit bureau manager of St. Louis, Missouri spoke before the Rotary Club of Lebanon, Missouri recently at the request of Mrs. Gladys M. Minkler, Manager, Credit Bureau of Lebanon. During the afternoon of the same day he was guest speaker and showed the film "The Good Things of Life on Credit" furnished by the National Retail Credit Association in the High School Auditorium of Lebanon attended by 300 students. During the evening he spoke at a dinner meeting of the credit executives of Lebanon at which time 75 attended. Commenting on these three meetings, Mrs. Minkley said, "Mr. Kruse is a fine gentleman and a well-informed retail credit authority and speaker." Should any of our local associations need the services of Mr. A. J. Kruse, write the National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri.

## Coming District Meetings

**District One** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, May 18, 19, and 20, 1958.

**District Three** (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold a joint annual meeting at the Andrew Johnson Hotel, Knoxville, Tennessee, April 13, 14, 15, and 16, 1958.

**District Six** (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Royal Alexandra Hotel, Winnipeg, Manitoba, Canada, May 4, 5, 6, and 7, 1958.

**District Seven** (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Marion Hotel, Little Rock, Arkansas, March 15, 16, and 17, 1958.

**District Eight** (Texas) will hold its annual meeting in Brownsville, Texas, April 12, 13, 14, and 15, 1958.

**District Nine** (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting at the Hotel Colorado, Glenwood Springs, Colorado, May 16, 17, and 18, 1958.

**District Ten** (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting in Portland, Oregon, May 17, 18, 19, and 20, 1958.

**District Eleven** (Arizona, California, Nevada, and Hawaii) will hold its annual meeting in conjunction with the 44th Annual International Consumer Credit Conference, Hotel Statler, Los Angeles, California, July 13, 14, 15, and 16, 1958.

## Philip Gleason in New Position

Philip Gleason has been appointed Credit and Collection Manager of Elizabeth Arden, New York, New York. He was formerly in charge of the Department of Accounts, Saks-Fifth Avenue, and previously with Abercrombie & Fitch, New York.

## Position Wanted

HOSPITAL CREDIT MANAGER. Presently employed as Credit Manager of one of largest community hospitals in the U. S. Six years' experience, age 30, married, two children. Desires similar position in Southern California or Arizona. Box 3582, The CREDIT WORLD.

## FOR SALE

Elliott-Fisher equipment:

One Model CAX 13EK, 8D8D, No. 310404  
One Model CAX 13EK, 7D7D, No. 251276

Write, Jack Sobol, Controller, Arcade Furniture Store, Fort Smith, Arkansas.

### C. A. Brandes Retires

Charles A. Brandes, for over 29 years Credit Manager, M. O'Neil Company, Akron, Ohio, retired February 1, 1958. He came to Akron from Cleveland where he worked in the Credit Office of the May Company under the direct supervision of Giles C. Driver, retired Credit Manager of that company and a past President of the National Retail Credit Association. He has been a member of the Board of Directors of the Akron Credit Bureau for the past 22 years and has served for two terms as President, several years as Vice President, and for the past seven years as Treasurer. He has been a member of the Quarter Century Club of the National Retail Credit Association and now becomes an Honorary Life Member. The N.R.C.A. wishes Mr. Brandes many years of good health and happiness in his well-deserved retirement.

### T. C. Tarin Promoted

T. C. Tarin has been elected Secretary-Manager of the San Antonio Retail Merchants Association, San Antonio, Texas. He succeeds C. C. Witchell who died recently. Mr. Tarin has been Assistant Manager of the Merchants Association for more than 25 years.

### Public Relations Course in Johnson City

A public relations course in business was held recently in Johnson City, Tennessee with 98 enrollees. The course was sponsored by the Merchants Credit Association and the Associated Credit Managers of Johnson City. S. H. Womack, training consultant in public relations for the National Retail Credit Association conducted the course. Commenting on the course, Frank K. Edmonds, Manager, said: "The course has been a tremendous success and mere words cannot express the high praise our people have offered in behalf of Mr. Womack and his course presentation. No bureau manager should let anything stand in his way to prevent him from sponsoring this course. The training received by the bureau staff alone is more than worth anything he might do to put the school across. We enrolled every member of our staff and it is the best money we ever spent for any type of employee training." Below is a picture taken at one of the sessions.

For details of this course on public relations in business write the National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Missouri.

### Consumer Credit Management Program

The 1958 Consumer Credit Management program will be held at the Arden House, Harriman Campus, Columbia University, New York, New York, June 8-12, 1958. This is a specialized program for executives who are engaged in, or being trained for, administrative positions at the managerial levels. It will include such officers as presidents, vice presidents, controllers, treasurers and credit executives in financial and business institutions. The program was established in 1953 and registrations are limited to 56 members. Application for admission should be sent to Hoke C. Simpson, Director of Business Programs, Graduate School of Business, Columbia University, New York 27, New York. The National Retail Credit Association is one of the sponsors of the program and Clarence E. Wolfinger, Credit Manager, Lit Brothers, Philadelphia, Pennsylvania, and Past President of the N.R.C.A., is a member of the executive committee.

### Position Wanted

CREDIT SALES MANAGER seeks challenging position with Specialty or Department Store. Twenty-five years' heavy experience, medium and large branch store operations, covering all phases collections, credits and accounts receivable. Age 45. Résumé gladly submitted. Box 3581, The CREDIT WORLD.

### Consumer Credit for December

CONSUMER INSTALMENT credit outstanding increased \$531 million during December 1957 to an estimated \$34,127 million at the month-end. This compares with December increases of \$587 million in 1956 and \$747 million in 1955. Total short- and intermediate-term consumer credit increased \$1,268 million to \$44,798 million. After allowance for seasonal factors, outstanding instalment credit increased \$139 million in December (see table on page 3). Increases in the last four months of 1957 were somewhat below the average for earlier months of the year. Seasonally adjusted extensions amounted to \$3,637 million during December and repayments to \$3,498 million. Most of the December increase in instalment credit, seasonally adjusted, reflected increases in automobile paper and personal loans. Other consumer goods, paper and repair and modernization loans remained practically unchanged.—Federal Reserve Board.



# CREDIT DEPARTMENT

## Letters

LEONARD BERRY

**A**BOUT how many form letters do you estimate go out from your office in a year? And what do you estimate is their cost? When the number used and the cost are taken into consideration, there can be no question as to the desirability and necessity of regular periodic review of the entire form letter routine.

Usually, form letters are intended to appear to be *personal* letters but they deceive nobody. When the fill-in of the customer's name and address are poorly done and, as so often happens, a rubber stamp signature is used, the effect on the reader can easily be imagined.

Many of the form letters used in credit offices could be eliminated entirely and a printed or engraved card used instead. It is better to make a communication frankly *impersonal* than to try to appear personal and then fail dismally to give that impression. From a cost viewpoint, and also ease and simplicity of handling, such a card will be found to be cheaper than a form.

In the acceptance of a new account, for example, an engraved card, skillfully designed, gives a tone of dignity and formality to the occasion.

The credit executive, in his survey, should consider the purpose for which each form letter is used and ask himself if the letter is too long or too short for that purpose. In collection follow-up, for instance, we have noted form letters of four paragraphs used as first or second reminders of a past-due monthly charge account. This clearly is too long for the purpose . . . a simple printed notice or sticker is sufficient at that stage. At the other extreme, we have noted form letters being used on accounts six months or more past due. At that degree of past-due, certainly more than a form letter is required. The *personal* collection follow-up should begin at the ninety-day past-due mark.

Some stores tend to keep on using the same form letters month after month. True, credit executives are busy and systematic revision of form letters is something that can be postponed. However, it is good planning to take time to do this important job. Used month after month, and sometimes year after year, it is likely that the same people receive the same form several times. No wonder that some smart debtors wait until they receive form Number Seven!

Form letters, because they must cover a variety of situations, often sound stilted and stiff. The objective should be to have the form approximate as far as possible the friendliness and personality of an individually prepared letter. One way to achieve this is to have a form paragraph book. In this book, paragraphs, carefully prepared, are listed covering all recurring situations in credit office correspondence. A personal letter can be constructed quickly and inexpensively by simply designating paragraph numbers and the stenographer thus "assembles" the letter by following the paragraph numbers given.

In larger stores automatic typewriters can be of great value. Here, of course, an individual letter is typed au-

tomatically from a roll. The fill-in of name and address and other necessary details are done by the operator. The result is a truly personal letter. The cost is substantially less than that of a personally dictated letter which, incidentally, ranges from one dollar upwards.

Finally, the credit executive should examine a batch of form letters taken at random from those ready for mailing and view them critically. Does their general appearance and preparation reflect the dignity and reputation of the store? What impression will the reader get of the efficiency and friendliness of the store from the letter? What will be the effect on public relations of the wording and tone of the letter?

Why not make it an early order of business to go over the whole form letter routine? Some surprising discoveries will result . . . and, some definite improvements!

### This Month's Illustrations



All our letter illustrations this month come from stores and firms in Salt Lake City, Utah, the city honored in this issue of CREDIT WORLD.

**Illustration No. 1.** Here is a fine letter used by Z.C.M.I. outstanding Utah mercantile establishment. In the letter the return of a former credit customer is recognized and appreciated. We spend money on reactivation letters but often fail to take advantage of the opportunity to build good will when the inactive account customer again resumes use of her account.

**Illustration No. 2.** A positive approach in credit sales promotion is employed in this letter by Keith O'Brien. A credit card which is usable immediately is enclosed and the newcomer cordially invited to trade at this excellent store. Newcomers are a fruitful source of new accounts and with so many people moving every year a warm letter of welcome such as this one can be very effective in attracting new patrons.

**Illustration No. 3.** Here is a collection letter to a debtor obviously several months in arrears. This letter used by Tri-State Lumber Company. Even though the account is so seriously past due, the tone of the letter is friendly and the debtor is told that the legal action contemplated can be avoided if only some cooperation is shown. Sometimes an appeal such as this will bring results . . . appeal to pride is a potent one.

**Illustration No. 4.** Another "welcome to newcomer" letter, this one used by The Paris, widely-known Salt Lake City department store. In this approach the newcomer is invited to complete an application for credit and send it in. This is the proper procedure where little or nothing is known about the newcomer. Of course, where a credit bureau report is available, a positive approach would be used.

Members have told us that they appreciate very much the letter illustrations which appear regularly on this page. You are invited to send *your* letters to us.





ZION'S CO-OPERATIVE MERCANTILE INSTITUTION

SALT LAKE CITY, UTAH

①

Mr. John Doe  
1897 South 13th East  
Salt Lake City, Utah

Dear Mr. Doe:

Welcome back to ZCMI! One of the most gratifying things that can happen to a store is to have a valued customer return, so we were indeed pleased to open your account again. It indicates to us that we have your good will and friendship.

We are sure that you will enjoy our dependable quality merchandise; our cordial, helpful service; our down-to-earth prices now more than ever. Shopping at ZCMI is true economy, because the excellence of everything you select assures you longer wear at lower cost, besides the satisfaction of knowing you have the best.

Visit us frequently at ZCMI. And when you are unable to come in person to choose the things you want, telephone or write us. Your orders will receive painstaking care in selection, as well as prompt service.

Thank you for your patronage.

Sincerely yours,

Z. C. M. I.

*W. B. Romney*  
W. B. Romney, Manager  
Retail Credit Sales

*Keith O'Brien*

EXECUTIVE OFFICE - SALT LAKE CITY, UTAH

②

Mr. & Mrs. John Doe  
812 South 5th East  
Salt Lake City, Utah

Dear Mr. & Mrs. Doe:

Congratulations to you for having decided to move to Salt Lake City! We wish to extend our warmest welcome to you, and we feel sure that you will be very pleased to live here.

We also want you to know that we are ready and willing to do anything possible to make your stay here more enjoyable, and we call your attention to our two fine Keith O'Brien stores and invite you to come in to visit us whenever you are nearby.

We feel sure that you will find either of our K.O.B. stores a pleasant place to shop, and for your convenience and identification we are most pleased to enclose your new Keith O'Brien credit card, which, of course, is good at either store.

Very sincerely,

KEITH O'BRIEN, INC.

*M. Lewis*  
M. Lewis  
Credit Manager

O'Brien, Inc. Department Stores in Salt Lake City and Sugar House, Utah

**TRI-STATE**  
LUMBER COMPANY

GENERAL OFFICE  
SALT LAKE CITY 10, UTAH  
P. O. BOX 389

③

Mr. Customer  
Main Street  
City, State.

Dear Mr. Customer:

Your account in the amount of \$107.10 standing past due on the books of our Nephil yard has come to my attention. Your purchases were made in July 1957, and although you have been reminded several times, payment has not been received.

We have prided ourselves on the type of customers we have on our books. We feel sure that you measure up to the best of them and that the present past-due condition of your account is more than likely due to unforeseen conditions. For these reasons we hesitate to resort to legal action to effect collection, but in view of the fact that Mr. Goble has had no acknowledgment of the account from you, it leaves us but little choice.

In an effort to avoid the matter being referred for legal action, we are making this last request that you pay the account at once. Please arrange to have your check in full reach us on or before January 15th or make definite arrangements for settlement before that date with Mr. Goble at our Nephil yard. If we do not hear from you by then, you will leave us no choice but to place your account in the hands of our attorneys.

Yours truly,

TRI-STATE LUMBER COMPANY  
*Kenneth H. Matheson*  
Kenneth H. Matheson  
Credit Manager

*The Paris*

DEPARTMENT STORE  
85 EAST BROADWAY  
TELEPHONE ELGIN 5-3421  
SALT LAKE CITY 10, UTAH

④

Mrs. Customer  
Main Street  
City, State.

Dear Mrs. Customer:

May I be among the first to welcome you to Salt Lake City?

All of us at The Paris hope you will enjoy living here, and that we shall soon have the opportunity to know and serve you. We think you will find The Paris department store a pleasant and convenient place to shop.

Since a charge account makes shopping easier, and because we are sure that you will want to establish your credit in Salt Lake City, we are enclosing a credit application. If you will return it to us, we will promptly notify you when your "Charge-Plate" can be picked up. If you have any questions we would be happy to hear from you.

We know that you will make many new friends, and we hope that The Paris will be among the first.

Most cordially,

*J. Earl Russell, Jr.*  
J. Earl Russell, Jr.  
Credit Manager

DEPENDABLE MERCHANDISE ONLY

# LOCAL ASSOCIATION *Activities*



## Montgomery, Alabama

At the annual meeting of the Montgomery Credit Managers Association, Montgomery, Alabama, the following officers and directors were elected: President, R. E. Williams, First National Bank of Montgomery; First Vice President, Edward Herbert, Loveman's; Second Vice President, Jack McLendon, Rhodes Furniture Company; and Secretary-Treasurer, Bolling Holt, Jr., Credit Reporting Company. Directors: H. C. Terry, *Chairman*, Suburban Gas Company, Mrs. Sue Freeman, Fannin's; Robert Harwich, Frank Tennille Furniture Company; Clint McGhee, Alabama Gas Corporation; and Russell Hungerford, Sherwin-Williams Company. L. S. Crowder, General Manager-Treasurer, National Retail Credit Association, attended the annual meeting and was the principal speaker.



R. E. Williams

## Tulsa, Oklahoma

The new officers and directors of the Tulsa Retail Credit Association, Tulsa, Oklahoma, are: President, Mrs. Lois Bland, Palace Clothiers; Vice-President, Dean Jones, Vandevors; and Secretary-Treasurer, Mrs. Lucille McKinnell, Field's. Directors: W. A. Allen, Carnation Company; Don Bixler, First National Bank; Emmaworth Burros, Mayo Furniture Company; Colleen DeShan, First Bancredit Corporation; Julian Harris, Street's; O. V. Hinton, Public Service Company; Catherine Jahns, Lauhon Hardware Company; Marion A. Leleu, Brown-Dunklin Company; Margaret Mayo, Woolf Brothers; William Rayson, Credit Bureau of

Tulsa; W. L. Rolen, Oklahoma Natural Gas Company; James Stone, National Bank of Tulsa; Laure Tate, Seidenbach's; W. W. Vance, Froug's; and Mrs. Geneva VanOrden, Harrington's.

## Houston, Texas

The 1958 officers and directors of the Houston Retail Credit Association, Houston, Texas, were installed recently at a banquet and dance at the Insurance Club of Houston. The following were installed by Fred C. Cimmerman, Past President of the Retail Credit Executives of Texas: President, Otis A. Linam, Medical & Dental Service Bureau; First Vice President, Arthur F. Sweeny, Neiman-Marcus; Second Vice President, L. F. Lewis, United Gas Corporation; Secretary, R. K. Pinger, Credit Bureau of Greater Houston; Assistant Secretary, Leroy Andrews, Credit Bureau of Greater Houston; and Treasurer, W. H. Arnold, Magnolia Petroleum Company. Directors: J. Lindle Barkley, H & H Music Company; O. C. Faulkner, Sakowitz Brothers; Sherman Harris, Creditors Service Bureau; Charles S. Hooker, Phoenix Furniture Company; Brian Jones, Buffalo Office Supply Company; Larry McKaskle, Stewart & Stevenson; R. G. Sneed, Jr., First City National Bank; Frank Tritico, Stowers Furniture Company; and Marion E. Wills, Bering-Cortes Hardware Company. Ross C. Sanddal, credit counselor for the Credit Bureau of Greater Houston, received the Sneed attendance and achievement award for his outstanding work in the association during the past year. The presentation was made by the donors, Mr. and Mrs. R. G. Sneed, Jr. Shown in the photo below, front row, left to right, are: Leroy Andrews, L. F. Lewis, Otis Linam, R. K. Pinger, and W. H. Arnold. Back row, left to right, are: R. G. Sneed, Larry McKaskle, Frank Tritico, Sherman Harris, Charles S. Hooker, J. Lindle Barkley, and Brian Jones.





## ★ Items of Interest From the NATION'S CAPITAL

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

**"Blue Sky" and "The Borax House"—A Note of Interest**—In the early 20th Century, Eastern securities salesmen had sweet-talked thousands of Kansas farmers, of course along with lots of others, out of their hard-earned savings. So good were these salespeople, and so completely did the Kansas farmers fall for their line, that it was said that "you could sell building lots in the blue sky in fee simple." This is how the phrase "blue sky" got its name.

Today the "Borax House" advertises by radio, newspaper, magazine and store window: "No cash required—your choice of finest merchandise—pay later!" The modern miracle of radio in particular carries this message into every home and fireside. What are the results? Better Business Bureaus are flooded with complaints; small claims courts are frequently turned into so-called "collection mills" for this particular class of merchants; and the personnel offices of the larger business establishments, state and federal departments and agencies, and the "front" or management offices of smaller establishments, are flooded with telephone calls and letters every month involving the names not only of the same "borax" creditors, but the same identical wage-earner-type debtors. On the national level, the Federal Trade Commission's biggest unfinished job is its overload of complaints and cases dealing with misrepresentation and deception in advertising and Congress has become increasingly adverse to garnishment legislation applicable to federal employees because of fear that it is a measure that will be abused by the "Borax" merchant. Only a few months ago, in face of inflationary pressures, "no cash down" and "all the time you need to pay" advertising slogans—or "terms"—were said to contribute to the call in some quarters for standby controls.

Kansas was in the forefront in 1911 when it adopted America's first strong "Blue Sky Law." Today there are blue sky laws in 46 states and Hawaii; only Delaware and Nevada manage to get along without them. But the states have differed greatly in their laws. In a review on this subject, the *Washington Post* and *Times-Herald* reports, for instance, that when the Dodge Bros. Corp. stock was offered in 1925, what was acceptable at that time for New York State and Wall Street was not acceptable at all to Michigan. Similarly, when Kaiser-Frazer Corp. stock was offered in 1945, the state of Ohio said "no," although most other state security commissioners "blue skied" it, that is let it go through.

Such nonconformity in 47 laws has so confounded lawyers, underwriters and corporation officials that in 1954 the National Conference of Commissioners of Uniform State Laws asked Harvard Law School professor, Louis Loss, formerly associate general counsel of the Securities and Exchange Commission, to make a study. That study has now produced a book, "Blue Sky Law" published by Little, Brown & Co.; also a model uniform securities act for states which has been indorsed by a number of organizations including the A.B.A.

In the federal field, the Securities Act of 1933 and the Securities Exchange Act of 1934 were born of the "Great Depression" to help revitalize then and to regulate in future a field of activity clearly charged with a national interest. These measures relied upon full disclosure of all the facts—the truth, all the truth, and nothing but the truth. Provisions in this regard, repeated in slightly different phraseology in several different sections, fixing civil and criminal liabilities with respect to various acts and duties, are most interesting. Typical of the language used is the following:

Any person who (2) sells a security . . . by the use of any means or instruments of transportation or communication in interstate commerce or of the mails, by means of a prospectus or oral communication, which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading . . . shall be liable . . . (15 USCA 77L)

**The National Debt Ceiling—A Broad Difference of Economic Opinion**—While the Senate Finance Committee under the Chairmanship of Senator Harry F. Byrd continued to debate whether to grant the President's request for a \$5 billion increase in the debt ceiling, or to limit increase to \$3 billion, some economists were saying that the debt ceiling should be abandoned altogether, that it may have been one of the causes of the present recession, and that in any event any ceiling tends to curb steps to halt recession.

These views were expressed on the final day of the Joint Economic Committee hearings on the President's Annual Economic Report, required by statute. One outspoken critic of the debt ceiling was Ralph J. Watkins, director of economic studies for the Brookings Institute in Washington. He said: "The debt ceiling in the past may have reflected primarily a lack of confidence in the fiscal soundness of the Executive Branch, but it seems clear that its continuance over the years reflects even more a lack of confidence in the Congress by the Congress—the fear that it may be tempted to spend more than should be spent."

Several days earlier Senator Paul H. Douglas told Secretary of the Treasury, Robert B. Anderson, that his request for an increase from \$275 billion to \$280 billion was not enough. He said that Anderson would be greatly embarrassed if he had to return to Congress to ask for a further increase.

Another witness, Roy Blough, a professor at Columbia University's Graduate School of Business said: "A rigid limit is inconsistent with the use of tax and expenditure measures as an anti-recession device." He added, "The debt limit should be made high enough to restore ample room for maneuver by the Treasury since otherwise the use of fiscal measures for attacking the recession could be nullified." ★★★



# Granting Credit in Canada

## Vancouver Annual Christmas Meeting

The Vancouver Retail Credit Granters Association had a full house at the annual Christmas meeting, held at the Hotel Georgia on December 17, 1957. The ballroom was filled to overflowing when 344 members and friends turned out for this annual event.

The theme of the meeting was "good fellowship," and it is at gatherings like this that people in the credit field find it so easy to meet their associates. Business was set aside for this night and members enjoyed a Christmas dinner as the holiday spirit took over. There were dozens of prizes drawn and a lively programme of entertainment was arranged by the committee in charge. The members really enjoyed themselves which was evident by the happy crowd joining in the fun. It was a perfect conclusion to the year 1957 for the Vancouver Association.

## Tom Downie Scores Again

The ever popular Tom Downie, Credit Bureau Manager of Vancouver, B. C., was host at a unique occasion, his annual game dinner, held at the end of November in the Hotel Georgia, Vancouver, B. C.

This is an affair which has become a ritual in Vancouver. For years, Tom has put on a game dinner for both the directors of the Vancouver Association and the directors of the Credit Women's Breakfast Club. Tom is known for his skill at hunting and fishing and the game served at these occasions are trophies which he and his hunting party go out into B. C.'s Caribou Country each fall and bring back to make this game dinner possible.

The programme this night is strictly fun, and Tom's opening remarks always confirm this, for he announces, "No business—just fun." The tables are beautifully decorated

with a game dinner. The menu consists of several species of game such as moose, venison, duck, pheasant, and freshly caught trout served with wild rice and all the trimmings. This year a very interesting film on "Wild life" featuring game birds followed the dinner. It is always a wonderful occasion, everyone attending it looks forward to the next one with great enthusiasm. Tom Downie scores again in bringing the people in this Association closer together.

## Credit Education in Vancouver

The Vancouver B. C. Retail Credit Granters Association held a credit course for its members which was a great success. The course was held on one night a week for five weeks. The enrollment totalled 100 with 73 writing the examination and receiving a diploma from the National Retail Credit Association.

Harold Evans, MCI, of T. Eaton of Vancouver was the instructor. The lectures were held in the B. A. Oil Company auditorium and the examination was written at the King Edward High School.

The course covered:

1. Credit as a Business Force
2. Consumer Credit
3. Interviewing the Applicant
4. Investigating and Analyzing the Credit Risk
5. Special Problems of Credit Control
6. Credit Sales Promotion
7. Collections
8. Methods and Procedures (Collections)

The members taking the course were very enthusiastic. This was signified by the almost perfect attendance for every night of the course.

Following the completion of the course, the successful students were presented with diplomas from the National Retail Credit Association at the monthly meeting of the Association on November 19. Walter Jensen, Field Secretary of the Pacific Northwest District 10, came to Vancouver to make the presentation of these diplomas.

The Association presented Harold Evans with a desk clock for the very wonderful job he did, on his own good will, for these students. The success of this course is a tribute to Harold Evans. His expert tutoring held the interest of this large group from start to finish.

The Educational Committee, under the chairmanship of Harry Black of the Shell Oil Company were responsible for arranging this course. A good job well done.

## New Officers at Port Arthur

The new officers and directors of the Credit Granters' Association of Port Arthur and Fort William, Fort William, Ontario, Canada, are: President, E. G. Sabourin, Chapples Limited, Fort William; Vice President, John Mead, Marshall-Wells, Port Arthur; Secretary, W. R. Walker, The Credit Bureau of Port Arthur, Fort, William; and Treasurer, Mary Demy, Chapples Limited, Fort William. Directors: O. Deslauriers, St. Joseph's Hospital, Port Arthur; A. Higgins, Gerry Hardware Company, Fort William; Harry Franchi, The Credit Bureau of Port Arthur, Fort William; Al Jason, The T. Eaton Company, Port Arthur; and Mrs. V. Poulter, Chapples Limited, Fort William.

## Attention Please



C-17

SHOWN HERE, in actual size, is our newest sticker, printed in the National's colors, bronze blue on gold gummed paper.

THE NATIONAL'S slogan, "Guard Your Credit as a Sacred Trust," is effective as an educational message. Designed as an all purpose sticker, it may be used:

- When affixed to the customer's statement it acts as a collection aid.
- When used on credit department correspondence it carries prestige of N.R.C.A. membership.

Price, \$4.00 per thousand

**NATIONAL RETAIL CREDIT ASSOCIATION**

375 Jackson Ave.

St. Louis 5, Missouri

# Credit and Collection Procedure

## Too Much Credit???

**Y**OU READ a lot of articles in papers and magazines about the overextension of retail credit. Isolated cases, often exaggerated, would lead a lot of readers to think that every applicant for credit is sold more than he can absorb and nobody is ever turned down.

Evidently, there is not much reader interest in the fact that the vast majority of people pay their bills promptly, that a tremendous number of families have little or no instalment debt and that nearly all credit granters carefully screen applications after securing a credit report.

But, as a famous politician used to say, "Let's look at the record," and in this case we will review the records of Consumer Credit.

Each day we receive from many of our members, records of the applications for credit that they reject. Not all or even a majority of our members report declined accounts so the figures quoted do not show the complete number of applications which are *not* approved.

But for our purpose, the totals are quite significant in proving our point that credit extension is not anywhere as loose as a lot of people think.

In fact, the over-all charges to bad debts and the monthly percentages of collections prove that the credit structure in Memphis as well as throughout the entire United States is mighty sound.

From December 13 through December 31, we counted the number of rejected accounts which were reported to Consumer Credit each day. They started out with 178 rejections on December 13, the high spot was 392 rejections on December 20 and the low spot was 46 on December 24, the day before Christmas.

### Large Volume in December

It is true that we handle a much larger volume of credit reports in December than in any other month of the year. But our records show that the number of rejections throughout the year averages more than 4,000 a month or 50,000 a year. And again we stress the fact that this does not represent the total number of requests for credit that are turned down by our members.

The members who report rejections also state the reason. No. 1 means rejected for "credit" reasons which leads the list. No. 2 means the customer is "over-extended" which means he already has enough payments to make monthly, so for his own good his request for an additional obligation is denied. Our members report

a large number of declinations because the debtor already has his hands full. No. 3 rejection means for reasons which do not affect the individual's credit and while they are small in number they often mean the subject was too young, does not have established credit, wants more money or credit than his income warrants, has an interrupted type of income which will not permit prompt payments every month, etc.

Consumer Credit has more than 1,000,000 cards in its files which include many thousands of individuals who are known bad credit risks. As they apply for a lot of credit, we often have the occasion to review their credit records. Invariably, often without exception, the credit file shows that every application they make for credit is turned down.

### Special Departments

In addition, we have a special department which handles those individuals who come to us to find out why they cannot secure credit. Most of them know why, but they come in anyway. Others we can help because often they can explain slow payments which were caused by conditions beyond their control.

Many of these callers represent "marginal" risks, those who would be approved for credit most of the time during a normal employment situation. But everyone knows that most firms today have raised their standard of acceptance during the past year or longer and now reject this type.

There will always be exceptions. An application from the same individual might be accepted by one firm and rejected by another. But all in all, credit granters are interested in a profitable operation. Consequently, they select those applicants whose credit records indicate they will pay according to agreement.

### Credit Economy Today

We are in a credit economy today. Many of our members have been through little and big depressions and periods of wars and adjustments. The facts of history reveal that during these periods they did a mighty fine job credit-wise and loss-wise. The vast majority of consumer goods depends on credit to move it into the hands of consumers today, just as it has since credit was invented.

We respectfully salute the credit fraternity for a mighty fine job that they have done in the promotion of a sound credit economy. We know from many years of experience that when the time for more liberal credit is safe, credit will be liberalized and, as is true today, when conditions necessitate a tightening up in the extension of credit, so will be their policy.—A. B. Buckeridge, Manager, Memphis Consumer Credit Association, Memphis, Tennessee.

**To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.**



## Salt Lake City

**S**ALT LAKE CITY has grown and expanded greatly in the last few years and credit has had much to do with it. The Credit Bureau, credit sales executives, and the Credit Women's Breakfast Club are to be congratulated on preparing the material for this issue of *The CREDIT WORLD*. There is probably no group who have done more to boost sales and who are more qualified to organize credit. They have overcome many obstacles and cooperated together to build up their organization.

I am proud to have been a member of this fine organization and to consider myself still a member of this group. I have had the privilege of watching it grow in membership and strength since 1925. There have been a great many changes since then and the Credit Bureau, credit sales managers as well as the Credit Women's Breakfast Club have come a long way. Their influence and integrity will be reflected in the future.

My first association with the Credit Bureau of Salt Lake City was when I met William (Bill) Perkes who was Secretary-Manager at that time. Bill died in harness, necessitating a replacement of a new manger without any advance warning. The Board of Directors chose a man from their own group and the selection for the position was Harry P. Earl, who at that time was Credit Sales Manager of the Utah Power and Light Company. Harry had been working closely with Bill Perkes and combined his knowledge of credit management with what he had learned from his work with Bill to build up a strong association. Harry guided the Bureau through some of our darkest days in the business world as well as through the war and boom periods. During that time he served as President of the Associated Credit Bureaus of America, the first to become President from District Nine. When Harry passed on, he left a strong and growing association that is manifested today.

William (Bill) Asper took over on Harry's demise and has done an excellent job, having built the membership up to more than 700, with a membership in the National Retail Credit Association of over 400. The contribution made by these men and the Association of Salt Lake City is of great significance to their fast growing city today.

My best wishes for the continued well being and growth of the Credit Bureau, credit sales managers and the Credit Women's Breakfast Club of Salt Lake City.

*Eldon J. Taylor*

President  
National Retail Credit Association



# ANNOUNCING MORE UNUSUAL CREDIT STICKERS



Our popular Gold Series of five labels as shown above have been added to our de luxe series announced in the January Credit World.

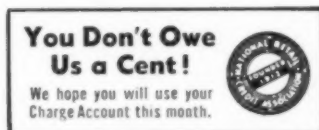
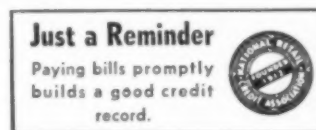
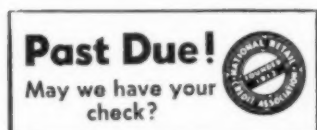
They are die cut and printed in gold ink on high gloss finished white paper. A product of the St. Louis Sticker Company, St. Louis, Missouri, they are shown above, actual size.

Prices are:

200 .....	\$1.25
500 .....	2.25
1,000 .....	4.00
1,000 (assorted) .....	4.50

Minimum order 200 of each sticker.

## ALSO AN INNOVATION IN CREDIT STICKERS



These are Perma-grip pressure-sensitive self-adhesive labels that stick without moistening. A definite time saver. They are mounted on a backing strip and dispense one at a time from a cardboard dispenser. Boxed in quantities of 500. Can be sold only by the box. A product

of the Avery Adhesive Label Corporation, Monrovia, California, they are shown above, actual size.

Prices are:

500 .....	\$2.50
1,000 .....	4.50

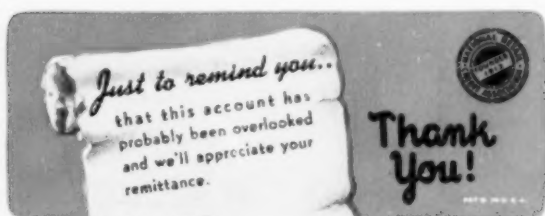
# NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MO.

# ANNOUNCING MORE UNUSUAL CREDIT STICKERS

MR. EUGENE B. POWER  
UNIVERSITY MICROFILMS  
313 NO. FIRST ST.  
ANN ARBOR, MICH.



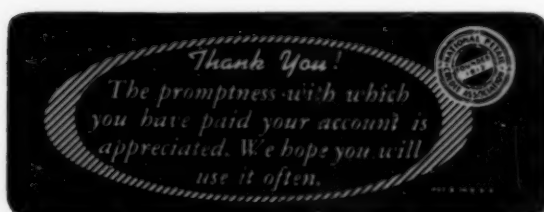
C-18

Printed in blue ink on high gloss finished yellow gummed paper.



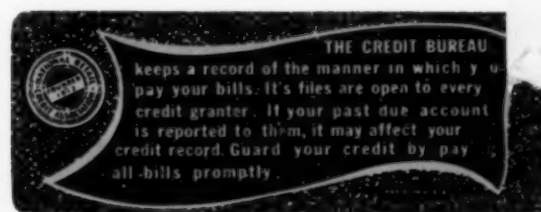
R-7

Printed in royal blue ink on high gloss finished gummed paper.



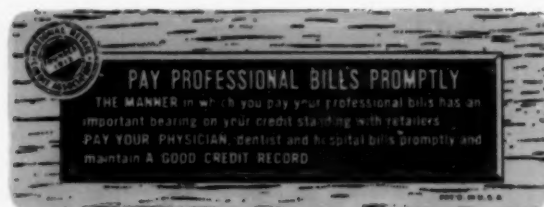
R-1

Printed in gray and blue ink on high gloss finished white gummed paper.



C-6

Printed in red and blue ink on high gloss finished white gummed paper.



P-3

Printed in blue ink on high gloss finished white gummed paper.



C-1

Printed in blue and yellow ink on high gloss finished white gummed paper.

Shown above are six new stickers that possess eye-appeal as well as carrying strong message impact. Such stickers can be used by large and small retailers and also by professional people. The insignie of the National Retail Credit Association adds dignity and prestige. Easily applied to statements, they can be used by any person in the office. Inexpensive and effective.

Prices are:

200	\$1.25
500	2.25
1,000	4.00
1,000 (assorted)	4.50
Minimum order 200 of each sticker.	

Another service of

## NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI